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Shunning the New South Africa, Foreign Investors Hold Off

By Bill Keller

New York Times Service

JOHANNESBURG — Courting South Africa last year, the advance scouts of Western money brought an alluring message: Make peace and take the free market pledge, and a thousand projects will bloom.

But 10 months after Nelson Mandela formally invited foreign business to come back, and three months after the elections that secured this reborn capitalist presidency, South Africa has yet to see the surge of investment needed to fuel growth and jobs.

The country reached an almost miraculous political consensus, leading to the end of economic sanctions and the resultant isolation. Mr. Mandela has

adopted a sober, growth-oriented economic policy. But investors have found a host of reasons to hold back.

The labor force is costly, unskilled and militant. Trade barriers and currency-exchange controls have yet to fall. There are doubts about the government's long-term commitment to capitalism, and about whether Mr. Mandela can contain the expectations of the impoverished majority.

As an investment opportunity, South Africa is an oddball — part Third World, part First World, situated at the bottom of the globe and attached to a continent that Western investors tend to see, at best, as terra incognita, and, at worst, as doomed.

"In just about every presentation, there's some-

body who stands up and asks me, 'What about

Rwanda?'" said Charles H. Allison, executive director of New Africa Advisors, a U.S. company that has been trying to get pension funds to buy a stake in new South African businesses.

Rwanda, that tiny country ruptured by ethnic hatred, is 1,500 miles to the north and is as economically relevant to South Africa as Bosnia is to Boston. But to many overseas investors, it is all Africa.

Mr. Allison, whose company is owned by African-Americans bent on opening that psychological frontier, believes the money will come, and so do many business-savvy South Africans. They point to South Africa's sophisticated business infrastructure and natural bounty.

But so far, it is still an open question whether Mr.

Mandela will ever get the kind of investment he needs, the kind that produces exports, growth and jobs. The foreign capital inflow so far has consisted mainly of bargain-seekers buying shares in long-established companies listed on the Johannesburg Stock Exchange.

U.S. and British investment houses set up funds to buy South African stocks and bonds, and at the turn of the year net purchases jumped to 1.094 billion rand, or \$299.6 million at current exchange rates, more than double the 440 million rand in December.

But since April more foreign money has flowed out than in, a trend that brokers attribute partly to a worldwide anxiety about stocks, but partly to cold

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5 Frenchmen Shot to Death By Guerrillas In Algiers

Attackers Tried to Park Booby-Trapped Car at Embassy Housing Area

By William Drozdiak

Washington Post Service

PARIS — In one of the most brazen attacks yet on foreigners living in Algeria, five French citizens were shot and killed Wednesday by suspected Muslim guerrillas who were attempting to drive a car bomb into the French Embassy's main housing complex.

The French defense minister, François Léotard, said three gendarmes and two embassy officials were killed in an exchange of gunfire when they intercepted the attackers. The guerrillas were trying to park a booby-trapped vehicle in a residential area of Algiers where more than 70 members of the French community live under tight security.

The bomb was subsequently defused, preventing what could have been a much worse incident. But the four gunmen apparently managed to flee before Algerian authorities sealed off the area.

The

Fighting Flares In Bosnia as Serbs Reject Partition Plan

Compiled by Our Staff From Dispatches

PALI, Bosnia-Herzegovina — Defying the international community as well as their supporters in Serbia, the Bosnian Serbs' self-declared assembly voted Wednesday to reject the latest peace plan for Bosnia.

The lawmakers voted instead to hold a referendum Aug. 27-28 on the international plan that would divide Bosnia roughly evenly between them and their Muslim-Croat enemies.

The Bosnian Serbs' latest denunciation coincided with an increase in fighting in trouble spots across Bosnia.

The referendum on the territorial division of Bosnia between the Serbs and the Muslim-Croat federation is expected to confirm the Bosnian Serbian leadership's rejection of the plan, lawmakers said.

The major powers that drafted the peace plan — the United States, Russia, Germany, France and Britain — have called for stiffer sanctions against Serbia and its Montenegro ally if the Serbs in neighboring Bosnia reject the peace plan. They say a referendum is a time-wasting measure.

The vote to reject the plan also puts the Bosnian Serbs on a collision course with the Serbian government, which on Tuesday threatened to cut off all aid.

The leader of the Bosnian Serbs, Radovan Karadzic, said in a speech to the assembly before the vote that the Bosnian Serbs would have to move to a full war footing and prepare for closed borders with Serbia. "Probably we shall have to declare a state of war, full mobilization and rationed supplies," he warned.

As the Bosnian Serbian assembly gathered, United Nations officials reported a surge in fighting in northern and northeastern Bosnia and more sniper fire in Sarajevo.

Before the vote, a statement denouncing the peace plan was issued by SRNA, the Bosnian Serbian news agency, from the stronghold of Pale, just east of besieged Sarajevo. It said the Bosnian Serbs' leaders deemed the partition plan unacceptable, saying it had been "deliberately compiled in such a way as to be unacceptable for the Serb side."

"Acceptance of such a thing would rep-

See SERBS, Page 4

The Merger Is Back and The Players Look Global

By Lawrence Malkin

International Herald Tribune

NEW YORK — Mergers are returning to the business world in a huge new wave. Unlike the mania of the 1980s that was driven by financial engineering and corporate ego, today's mergers are based on globalization, changing competition and rationalized new strategies.

Within the past 24 hours, mergers, buyouts or takeovers have either been announced or settled that will reshape such diverse fields as the U.S. pharmaceutical and insurance industries, the paper and packaging industry in Europe and the United States, and Britain's warring supermarket chains. (Page 9)

The largest was an \$8.5 billion offer Tuesday by American Home Products for American Cyanamid Co., the richest in a recent wave of consolidations by U.S. pharmaceutical companies, which along with hospitals are under pressure to cut costs and offer wider and more efficiently organized lines of products and services. But that is only part of the story.

"This wave has been under way all year for strategic reasons: tougher world competition means more consolidation," said Martin Sikora, editor of *Mergers & Acquisitions* magazine, who teaches the subject at the University of Pennsylvania's Wharton School of Business.

"The Big Four, in addition to health care, are defense, where the number one customer, the Pentagon, is buying less financial services, where the reasons range from interstate banking to the globalization of markets, and the information superhighway companies, where everyone is reshuffling the cards for the right mix."

Accurate figures are hard to gather at the height of the struggle, but in the United States Mr. Sikora's magazine has found 2,045 mergers during the first half of the year worth \$64.4 billion, compared to 1,892 worth \$70.3 billion for the first half of last year.

That is an annual rate of 4,090 for this year — and the second half of the year usually produces more than the first — compared to a low of 3,513 mergers worth \$136 billion in 1991. The merger wave has also hit less glamorous industries, such as automobile parts, where the dominant companies in mature industries are cutting costs by rationalizing their suppliers.

Another kind of rationalization was represented in the deal arranged for Jefferson Smurfit Group, an Irish paper and cardboard manufacturer in Europe and the United States, to buy the paper and packaging operations of France's Cie. de St. Gobain SA for 5.63 billion francs (\$1.04 billion). The French company, Mr. Sikora noted, was spread too thin over half a dozen businesses, while paper and packaging is a mature industry that gobbles up capital and must strategically position its operations worldwide to be profitable.

Most dramatic of the latest deals is the offer by American Home to buy American Cyanamid for \$9.5 billion, about 50 percent above Tuesday's opening price of \$6.25. Before the bid came to snatch it away, Cyanamid was negotiating with the Anglo-American pharmaceutical giant SmithKline Beecham to swap divisions and possibly sell off the Cyanamid agricultural chemical and pesticide units.

Stock analysts reckoned that the sale value of those nonmedical businesses could be as high as \$4 billion, which would justify American Home's high cash bid — and that might make the company an inviting target for someone else now that it is in play.

In financial services, American General Corp. of Houston bid \$2.6 billion in cash for Unitrin Inc. after the Chicago firm's board had rejected two previous offers to maintain the company's independence. The bid represents a 30 percent premium over Tuesday's stock price. American General specializes in consumer finance and is one of the largest U.S. providers of private retirement annuities, which would dovetail with Unitrin's major lines in life, health, property and casualty insurance. Together they would reach more than 8 million households and gross \$6 billion a year.



UNEASY FREEDOM — Taslima Nasrin, a Bangladeshi author threatened with death by Muslim militants, leaving a court in Dhaka on Wednesday after posting bail. She came out of hiding to face charges of insulting Islam. Page 4.

Police Kill 3 Protesters as General Strike Paralyzes Lagos

Compiled by Our Staff From Dispatches

LAGOS — At least three people were killed Wednesday during clashes between the police and protesters demanding the release of the politician Moshood K.O. Abiola, journalists and pro-democracy campaigners said.

The violence occurred on the first day of a general strike also aimed at securing Chief Abiola's freedom. At least six people were injured in the clashes, as protesters in

Lagos lit bonfires and blocked roads, a member of the National Democratic Coalition said.

The National Labor Congress instructed the 5 million members of its 41 unions to join a strike by oil workers that began on July 4, Lagos, the main commercial center, was largely deserted.

Bola Tinubu, a former senator, said the demonstrators had paraded the body of one of their dead colleagues around the

palace of the traditional ruler of the city, Oba Oyekan. He said the protesters had also reported that two other demonstrators had been killed by the police.

"They wanted the Oba to know that the police are killing our people," Mr. Tinubu said.

Groups of youths trying to enforce the strike attacked merchants with machetes. Four traders with deep cuts were taken to the hospital, and several others were hurt.

The court postponed until Aug. 16 a ruling on whether it has jurisdiction to

See LAGOS, Page 4

In Europe's Sizzling Summer, Even the Railroad Tracks Wilt

By Craig R. Whitney

New York Times Service

BONN — Much of Europe is baking in the sixth week of a heat wave, with the temperature expected to reach nearly 38 degrees centigrade in eastern Germany and Poland later this week. No relief is forecast before Sunday.

Last month was the hottest and sunniest on record in most places from the Netherlands to Hungary and Poland, Hamburg and Stockholm, normally cool and breezy even in the summer, registered the highest average tem-

perature for July ever, 21.6 degrees centigrade (71 Fahrenheit).

Except for brief respite produced by severe thunderstorms, the heat has been unabated across most of Europe since the end of June.

In the Czech Republic, it got so hot that railroad tracks bent out of line and the state railways ordered a speed limit of 60 kilometers an hour (38 miles an hour) between noon and 8 P.M.

The Baltic Sea, normally a frigid place where bathers may need bodysuits even in August, has warmed up to 23 degrees (73 Fahrenheit) off the German coast, producing

a bloom of red and blue algae that has caused some

swimmers to break out in a rash.

Now, brownouts caused by shortages of electricity in Arnhem, the Netherlands, and Hanover, but not because power plants are overwhelmed by demand from air-conditioners.

The water in the Rhine and the Weser rivers that the plants use to cool their turbines became so warm — nearly 26 degrees (78 Fahrenheit) — that the plants would have to shut down if the water got any hotter.

See HOT, Page 4

Song of India: Lyrics for the Liberated '90s

I have blue eyes.

What shall I do?

I have red lips.

What shall I do?

Sexy, sexy...

People call me sexy.

From a Hindi film song

By Molly Moore

Washington Post Service

NEW DELHI — All of India is in an uproar over sex.

"Sex in film songs, that is."

Mothers of young children are angry. Women's organizations are outraged. Moviemakers are up in arms. The prime

minister is fuming. The government censor board is wringing its collective hands. And the music shop salesmen are making a killing.

"My sales have doubled because of these vulgar songs," boasted Dbaratendra Mchra, who runs Welcome Audio-Video in one of New Delhi's busiest shopping districts.

The emotional controversy is India's latest episode of cultural conflict as it struggles to open its economy and its society to greater Western influences while trying to preserve its own traditions and social mores.

"Our society is going through a massive

transitional phase," said Ranjana Kumari, director of New Delhi's Center for Social Research. "Things are changing too suddenly, and we're not prepared."

Io a country where it is taboo for men and women to touch in public, preschool children are prancing around their houses singing the shocking (to Indian sensibilities) "Sexy, Sexy" song.

It all started with MTV, which one Delhi newspaper columnist recently compared to "termites eating away at our own traditional values." MTV was first beamed to India via the Hoog Kong satellite channel

See INDIA, Page 4

Kiosk

Release of French Doctor Blocked

PARIS (Reuters) — A French prosecutor blocked the release of a former health official, jailed in 1993 in a scandal over AIDS-tainted blood transfusions, after a judge ordered the man freed, judicial sources said Wednesday.

An appeals court will decide on Friday if Dr. Jean-Pierre Allain, who has served just over half of his two-year sentence, will leave jail, the sources said.

Science Nicotine is addictive, a panel tells the Food and Drug Administration. Page 8.

Dow Jones	Up
3.56	0.16%
3782.86	116.27
DM	1.5757
Pound	1.5427
Yen	100.275
FF	5.9878
Wednesday	previous close
	5.408

Book Review Page 8

Radicals Back Iran's Pragmatists Into Corner

By Chris Hedges
New York Times Service

TEHRAN — After years of internal political struggle for control of Iran's Islamic revolution, the pragmatic faction led by President Hashemi Rafsanjani has been backed into a corner by resurgent hard-liners.

The advance of the Islamic radicals in the last few months appears to put an end, at least for now, to foreign diplomats' perennial expressions of hope that Iran will mend its relations with the United States and other Western countries and will end its support of Islamic revolutionary movements abroad.

ominously, the rapid ascendancy of radical clerics and the waning power of Mr. Rafsanjani has coincided with the bombings last month of Jewish targets in Buenos Aires and London, which many diplomats here and abroad have linked to the Iranian government. And three Iranians are awaiting trial in Bangkok on charges of trying to plan a ton of explosives in March outside the Israeli Embassy.

The Buenos Aires and London blasts, which left nearly 100 dead and scores wounded, follow by days the assassin-

ation of two Christian leaders in Iran and a new crackdown on internal political dissent. Parliament, now firmly in the radicals' hands, has stymied the government's economic changes, even as rising unemployment, hyperinflation, low oil revenues and a shortage of housing are plunging Iran into crisis.

Mr. Rafsanjani and his Western-trained technocrats have always had to share power with the clerics who formed the hard core of the country's 1979 revolution. But despite widespread discontent with the more repressive aspects of Islamic rule, the clerics have made a persuasive argument that his economic program serves only the rich and that politically he is tepid and gutless.

"President Rafsanjani has lost all credibility," said a senior Western diplomat, and so have the policies he advocates. "He is openly attacked in the Parliament, and even his old supporters are deserting him. These bombings are probably our notice that the radical clerics, who call for blood and holy war, are again on the loose."

Iranian officials deny any involvement in the terrorist attacks or the killing or persecution of dissidents, saying

that many of the killings are the work of enemies who are trying to discredit them.

"The Westerners are admitting that Iran's Islamic slogan and ideas have transformed Egypt, Algeria and some other places in the world," Iran's supreme religious leader, Ayatollah Sayyed Ali Khamenei, said recently. "This is considered a great threat to Western capitalism. Therefore, Islamic Iran, which possesses a powerful weapon like the dynamism of its ideas, logic and words of justice, does not need to resort to terrorism."

A sense of economic gloom has descended over the country.

In the government-run hotels in Tehran, waiters sit smoking at tables as a few diners pick at a desultory selection of stale bread and wilted greens set out haphazardly on dirty table cloths. Because of a shortage of raw materials and spare parts, factories are shut down or reduced shifts. The few foreign companies here have reduced their investments or are pulling out, because of a refusal by Iranian banks to honor their own loan commitments or to pay for goods and services.

The economic misery has been matched by a new political clampdown. Radical groups, such as the Islamic Revolutionary Council, which are supposed to oversee the religious zeal of government workers are muscling their way back into power after a dormant period.

A blast that killed 24 Muslim worshippers in a Mezbed mosque in June is now widely believed by Western diplomats to have been the work of militants from the minority Sunni Muslim community, which was outraged by the destruction of a Sunni mosque earlier this year. A conflict between the 3.5 million Sunnis and the Shiite leadership could tarnish Iran's patronage of Islamic fundamentalist groups abroad, most of which are Sunnis.

All this should come as good news to policy planners in Washington. The Clinton administration, pursuing what it calls a policy of containment, has sought to keep Iran economically crippled and diplomatically isolated. But European diplomats, and many Iranians, say that the isolation and misery are ushering in a government with a much more violent and narrow agenda.

UN General In Rwanda Sees Troop Shortfall

Compiled by Our Staff From Dispatches

KIGALI, Rwanda — The United Nations commander in Rwanda, whose troops are to take over a "safe haven" in southwest Rwanda where hundreds of thousands of refugees are sheltering, said on Wednesday he was short of soldiers to do so.

French troops now patrol the security zone but are due to pull out by Aug. 22, and aid workers fear that if the handover to UN forces is not assured, there could be a fresh exodus of frightened refugees.

"August 22 is a concern," said Major General Romeo Dallaire, commander of the UN Assistance Mission in Rwanda. "One, whether I have enough troops, two, if I can deploy them and they are capable of giving credible defense for the people."

So far, only Ghana has a substantial presence of 557 soldiers on the ground within the UN force, which currently numbers about 1,000 troops. The UN Security Council has voted to boost the force up to 5,500.

On Wednesday, the U.S. government offered to airlift Eritrean and Zambian troops to Rwanda as part of the UN force. The assistant secretary of state for African affairs, George Moose, told a news conference in Kigali that the United Nations had asked for assistance in the rapid deployment of peacekeeping troops.

"We have since been in direct contact with the Ethiopian and Zambian units we understand are ready to deploy," Mr. Moose said. He did not say how many soldiers were involved.

Rwanda Patriotic Front forces, which routed Hutu government troops last month, have yet to assume control of the southwest even though a new government was set up two weeks ago.

On Tuesday, a French military official said the new government had agreed to allow the area to be demilitarized and put under UN control when the French leave.

The new administration in Kigali has promised that the mainly ethnic Tutsi troops of the Patriotic Front would enter the area unarmed, said Lieutenant Colonel Alain Rambaut, spokesman for the French forces in Goma, Zaire.

About 1.2 million Hutu have already fled from the northwest into eastern Zaire, where they are now dying by the thousands from disease.

Many of the displaced persons in the southwest — estimates of the population in the zone range up to 1.5 million — could also flee in panic if the handover from the French does not go smoothly, aid workers say.

"For all of us, how the population will react in the southwest is a huge question mark," said Jean-François Sangue, the chief Red Cross delegate in Kigali.

The British High Commission in Nigeria announced the closure of its visa office in Lagos for security reasons as the main labor federation began a general strike Wednesday.

Sydney's city center and airport will be linked by a 600 million Australian dollar (\$440 million) underground rail line in time for the 2000 Olympics, the New South Wales state government announced Wednesday.

WORLD BRIEFS

CIA Is Targeting Industrial Bribery

LONDON (Reuters) — The CIA is working to expose bribery by foreign countries and companies that causes U.S. companies to lose out on lucrative contracts, the head of the agency said in an interview published Wednesday.

The director of central intelligence, R. James Woolsey, told *James's Defense Weekly* that when such bribery was spotted, the U.S. State Department demanded that there should be a new round of bids for the contract involved. But he said that CIA involvement in specific cases was hardly ever made public and that he would prefer to keep it that way. No specific foreign country or company was mentioned in the report of the interview.

Ranking Beijing Official in Taiwan

TAIPEI (Reuters) — Beijing's chief negotiator with Taipei arrived in Taiwan on Wednesday, becoming the highest-ranking Chinese visitor to cross the Taiwan Straits in 45 years, but he complained that airport protests had marred his reception.

Dozens of deputies of the opposition Democratic Progressive Party protested the visit of Tang Shuei, secretary-general of China's Association for Relations Across the Taiwan Straits, and scuffled with security officials escorting him from the airport.

Pretoria to Lift Controls on Province

CAPE TOWN (AFP) — The state of emergency in KwaZulu-Natal Province, imposed to curb mounting violence before the first all-race election in South Africa last April, is due to be lifted. Justice Minister Dullah Omar indicated Wednesday.

Mr. Omar said in Parliament that the safety and security minister, Sydney Mufamadi, had recommended the lifting of emergency rule, imposed on March 30 after an upsurge of violence in the province.

He said the issue was being discussed by President Nelson Mandela and Chief Mangosuthu Buthelezi, whose Inkatha Freedom Party narrowly won control of the province in the election. Chief Buthelezi has called for the end of the state of emergency.

France to Restart Nuclear Reactor

PARIS (AP) — Nuclear regulators gave the go-ahead Wednesday to restart Superphénix, the fast-breeder reactor idled for four years to repair leaks in a cooling system that uses flammable liquid sodium. The plant could start up by Sunday, said its director, André Lacroix.

Environmentalists have long tried to prevent renewed operation of the plant, 50 kilometers (30 miles) east of Lyon, and nuclear officials have not ruled out the possibility of new leaks occurring. But the \$3 billion plant, designed to incinerate waste and create plutonium fuel, is a key part of France's nuclear program, which provides 75 percent of the country's electricity.

Correction

A dispatch in Wednesday's editions about the crash of an Airbus A-330 during a test flight June 30 in France incorrectly reported the whereabouts of the plane's captain. A preliminary investigation did not find that he was out of the cockpit, according to The Associated Press.

TRAVEL UPDATE

Longer British Rail Strike Planned

LONDON (Reuters) — The trade union at the heart of a dispute that has disrupted Britain's railway system for eight weeks has announced plans for further stoppages on Aug. 12, a Friday, and the following Monday and Tuesday. That would be the longest stoppage so far in the dispute.

Signal workers in the Rail Maritime and Transport union staged the latest of a series of one-day strikes on Wednesday, forcing thousands of people to find other ways to get to work.

So far, many commuters have supported the union's campaign for a higher wage offer, swayed by reports that some signalmen are earning less than unskilled station workers and that two months ago the government vetoed a 5.7 percent offer that could have solved the dispute. But a poll Wednesday showed an almost even split of opinion. Of 470 commuters questioned at London rail stations, a bare majority of 50.2 percent backed the strikes.

Several European airlines have removed bans on smoking on international flights because the prohibitions drove passengers away, a British pro-smokers' lobby group said Wednesday. The Freedom Organization for the Right to Enjoy Smoking Tobacco cited KLM Royal Dutch Airlines, SAS, Lufthansa German Airlines, Austrian Airlines and Landa Air.

(Reuters)

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Russia Applies Foreigner Tax

The Associated Press

MOSCOW — In a bid to raise state revenues, Russia has begun enforcing a 60 percent tax on some personal belongings of foreigners, except diplomats, entering or leaving Russia, customs officials said Wednesday.

A customs official said the move was aimed at stopping people from using personal shipments as a cover for avoiding tariffs on goods to be resold.

Officials were vague about what goods fall under the new guidelines. Oleg Savin, a customs officer, said: "No personal belongings like pots and pans or your favorite dog or couch are supposed to be taxed."

Nov. 29 in Washington. He also reminded Ukrainians that it was Mr. Clinton who pressed the leading industrialized countries to offer Ukraine a \$4 billion aid package last month.

Mr. Gore

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for "comprehensive economic reforms" to stabilize the country's ailing economy.

This is an extremely important priority for the United States of America," said Mr. Gore, who was the first foreign leader to visit Mr. Kuchma since he defeated Mr. Kravchuk in elections last month.

A strong and prosperous and independent Ukraine is a stabilizing force for peace in Central Europe and throughout the entire region," the vice president said.

To bolster this point, Mr. Gore invited President Kuchma to meet with Mr. Clinton on

Nov. 29 in Washington. He also reminded Ukrainians that it was Mr. Clinton who pressed the leading industrialized countries to offer Ukraine a \$4 billion aid package last month.

Mr. Kuchma's

overture

to the West is a remarkable reversal of his campaign statements about integrating with Russia.

But instead of a post-victory flight to Moscow to heal bad relations with Mr. Yeltsin, Mr. Kuchma has entertained Western dignitaries and agreed to draw up an economic reform program with the International Monetary Fund by October.

"We'll always have time for Russia," said Volodymyr O. Kuznetsov, an aide to Mr. Kuchma. "We need to use the opportunity we have now to meet with the West."

(Reuters, NYT)



Israeli F-15 fighter jets escorting Jordan's King Hussein as he flies the royal plane over Jerusalem on Wednesday.

Jerusalem Abuzz as Accord Is Ratified

By Joel Greenberg
New York Times Service

JEZREEL VALLEY — Accompanied by an Israeli fighter jet escort and a blaze of official publicity, King Hussein of Jordan flew over Israel on Wednesday, passing over Muslim holy sites in Jerusalem on his way home to Amman from Europe.

The flyover, announced to Israelis by Prime Minister Yitzhak Rabin's office, was an attempt to show quick changes following last week's signing in Washington of a Jordanian-Israeli declaration ending the state of war between the two countries.

Mr. Rabin said the king had requested the flight in order to demonstrate one of the dividends of the agreement, which provides for accelerated negotiations on opening an international air corridor between Israel and Jordan.

Speaking to the king by radio as he entered Israeli airspace, Mr. Rabin said, "Welcome to Israel, even though it's in the air."

The king replied:

"It's wonderful to be overflying your country for the first time in a civilian

aircraft. I hope, sir, that we meet before too long. To the people of Israel and yourself, all our best wishes and our prayers for peace, station."

After arriving in Amman, the king told reporters that seeing Jerusalem after a years-long absence had been "a very emotional experience."

Jordan controlled East Jerusalem before it was captured by Israel in the 1967 Arab-Israeli war.

■ **Arafat Laments Rifts**

The Palestine Liberation Organization chairman, Yasser Arafat, said in an interview published on Wednesday that he was in despair over lack of aid for self-rule and rifts with Israel over the future of Jerusalem, Reuters reported from Jerusalem.

In an interview with an Israeli daily, Ha'aretz, Mr. Arafat accused Israel of driving a wedge between Jordan and the Palestinians, and said its Shin Bet secret service was plotting to foil the Israeli-PLO peace accord that launched self-rule in Gaza and Jericho.

January by then-President Leonid S. Kuchma said Ukraine was meeting its obligations on nuclear disarmament but had received only a tiny fraction of the aid promised by the United States, a local news agency reported Wednesday.

Interfax-Ukraine quoted Mr. Kuchma as saying that his country had received only \$6 million of the \$350 million promised by Washington. His remarks, made at the Pervomaysk strategic rocket base in southern Ukraine, came only hours after a meeting with Vice President Al Gore.

"I very clearly raised this issue," Mr. Kuchma said.

Mr. Gore, who visited Kiev on Tuesday, said the United States felt confident that Ukraine was fulfilling its side of a disarmament accord signed in

Kiev next week to discuss further assistance for disarmament and to expedite the flow of funds earmarked for Ukraine.

Ukraine, which inherited nuclear weapons deployed on its

soil when the Soviet Union fell apart in December 1991, has yet to accede to the 1968 Nuclear Nonproliferation Treaty.

Under the January trilateral accord, Ukraine was to transfer

its more than 1,600 nuclear warheads to Russia for dismantling in exchange for about \$1 billion in compensation, most of it in the form of fuel for nuclear power stations.

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THE AMERICAS / SECOND THIRTY-FIVE

Whitewater Diarist Is Taught Some Lessons of Washington

By Maureen Dowd
New York Times Service

WASHINGTON — At the end of his diary entries, Joshua L. Steiner would sometimes draw morals for himself, similar to the ones the birds and foxes and grasshoppers learned at the end of Aesop's fables.

Testifying before the Senate Banking Committee, which is looking into Treasury Department contacts with the White House on the Whitewater matter, Mr. Steiner, the 28-year-old chief of staff for Treasury Secretary Lloyd Bentsen, was asked to read aloud the "lessons" that capped one of his February entries.

It was a remarkable moment on a day when the numbing Whitewater hearings came vividly to life. Mr. Steiner now found himself in the excruciating position of holding a "smoking" diary, pointed in the direction of his boss, Deputy Treasury Secretary Roger C. Altman, and the White House.

"Lessons," he said, reading his own words to the senators, the discomfort evident in his dark eyes. "Do what you think is the right thing early (read); remember that everything might eventually be asked un-

der oath; don't let the WH get involved in any way."

If Mr. Steiner had lived through a bit more Washington history, he would have known that doing the right thing early and keeping the White House from getting involved are aims that have often been at cross-purposes.

He looked so impossibly young, earnest and nervous, sitting Tuesday before his microphone at the green felt-covered Senate witness table, that some senators addressed him simply as "Joshua" or "Josh."

A couple of other lawmakers offered him fatherly, and motherly, advice to spend some time, drinking a six-pack perhaps, with some of the respected, gray-haired veterans around town who might be able to teach him enough about politics to salvage his career.

Most of the Democrats and Republicans alike seemed dismayed as Mr. Steiner tried to explain that his diary was meant to be impressionistic, not realistic — a Monet, not a Matisse. It seemed disingenuous to several senators.

The gray-haired veterans might have warned Mr. Steiner that there are immutable rules

U.S. Drops Plan to Put Haitians In Havens

By Eric Schmitt
New York Times Service

WASHINGTON — No longer facing a flood of "boat people" leaving Haiti, the United States has shelved a plan to send refugees housed at a U.S. naval base in Cuba to "safe havens" in Caribbean countries.

Officials in the Pentagon and the State Department said that for now it was cheaper and more convenient to keep the more than 16,500 Haitians at Guantánamo Bay in Cuba than to spend tens of millions of dollars building camps elsewhere.

If the flow of refugees, which has dwindled to a trickle, should pick up again, officials said, Washington may revive the idea of sending Haitians to third countries.

The lack of urgency, however, has not altered the pace of planning for a possible invasion of Haiti, the officials said. They said the administration had begun laying the groundwork with United Nations approval on Sunday of a resolution authorizing intervention if sanctions failed to dislodge the Haitian military-backed government.

And they said the White House would continue lining up support among other countries as well as with Congress and the American public, beginning with a prime-time news conference by President Bill Clinton on Wednesday night.

Representative Dan Glickman, Democrat of Kansas, and Representative Benjamin A. Gilman, Republican of New York, said in separate statements Tuesday that Mr. Clinton should seek congressional approval in addition to the UN authorization before committing forces to Haiti.

The Senate unanimously approved on Wednesday a pointed statement to Mr. Clinton that Congress has not approved an invasion, Reuters reported.

[By a vote of 100 to 0, it passed a nonbinding "sense of the Senate" resolution stating that the UN approval of the use of all necessary means to oust Haiti's military leaders does not constitute congressional approval of an invasion.

[The resolution was proposed by the Senate Republican leader, Bob Dole of Kansas, who accused Mr. Clinton of seeking UN approval of a Haiti invasion but rejecting calls for prior approval by Congress. There should be no mistake: The UN action on Sunday does not give the president legal authority to invade Haiti." Mr. Dole said.]

Some moderate Democrats who have dug in their heels against any forced contributions by employers expressed misgivings about Mr. Mitchell's backstop provision.

And Mr. Dole said Wednesday on NBC television, "You just can't sell mandates to the United States Senate."

"There's no filibuster strategy," he said. "But let's face it, we need a long debate on it."

Mr. Mitchell, at breakfast with health reporters, said, "I don't think there's going to be a filibuster. I don't have any plans to break a filibuster."

He said he was certain that health care reform would be enacted, but added, "there is not a chance in the world that this bill will pass the Senate unchanged."

Though it provides for a slower, less certain passage to the "health care that is always there" by which President Bill Clinton has sought to define his presidency, Mr. Clinton promptly embraced the Mitchell proposal. He said it "provides for universal coverage, enables Americans to keep their current insurance and their doctor and maintain quality health care, and provides greater opportunity to keep health coverage affordable."

The House bill proposed on Friday by the Democratic leadership seeks universal coverage through requiring employers to pay 80 percent of workers' insurance premiums, beginning in 1997, and by expanding Medicare, the government health program for the aged, to include the unemployed poor.

But House leaders, too, lack the votes they need, and there was immediate concern that Mr. Mitchell's proposal would undercut support for the House bill.

Simpson Case Witness Is Said to Be a Con Man

The Associated Press

SAN FRANCISCO — The mystery witness in the O.J. Simpson murder case who reportedly said he saw two white men running from the crime scene is a con man who has given police false leads in other cases, a newspaper reported Wednesday.

The San Francisco Examiner identified the witness as Frank Chiuchiolo. The identity was confirmed by a Los Angeles police detective, Dennis Payne, the newspaper said.

Mr. Chiuchiolo claimed in an interview with the Examiner a year ago that he, not the Mafia boss John Gotti, had killed mob boss "Big Paul" Castellano in 1987. Mr. Gotti was convicted of the murder.

According to the Los Angeles Times, the mystery witness had identified himself as burglar and told defense investigators that he was casing homes in the neighborhood the night of the slayings when he heard a woman scream and saw two white men fleeing the crime scene.

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THE AMERICAS / SECOND THIRTY-FIVE



DERAILMENT HURTS 125 — Workers near Batavia, New York, where an Amtrak train passenger derailed early Wednesday, injuring 125 people, some seriously. The Lake Shore Limited, en route to Chicago from New York, screeched off the tracks in a wooded area. Nine cars were flung down an embankment. No deaths were reported. [AP Wirephoto]

U.S. Allies Soften Line on Asian Rights

By Michael Richardson
International Herald Tribune

SINGAPORE — American influence on human rights issues in Asia is being eroded as Western countries that previously supported the United States' punitive approach switch to a softer line.

Analysts said Wednesday that the shift reflected a clear priority by the Western governments to develop smoother political relations with the booming economies of East Asia to increase export sales, contracts and investment opportunities, many of which are under state control in Asia.

They said it was also an acknowledgment that quiet but persistent persuasion through diplomatic contacts might be more effective in improving human rights in the region than threats of isolation or sanctions.

In the most recent sign of the

lower-key approach to human rights problems now being taken on by many Western nations, Australia this week offered to expand military training for Indonesia. This was despite a vote by U.S. lawmakers last month to ban small-arms sales to Jakarta because of alleged repression by Indonesian security forces in East Timor, a former Portuguese colony annexed by Jakarta in 1976.

After an earlier decision related to human rights concerns in East Timor, the United States no longer provides military training or education to the Indonesian armed forces.

Representative Robert Ray, Australia's defense minister, said in Jakarta that Indonesia was finding that its opportunities to get military training in the United States were much more limited than in the past and Australia was

"willing to fill part of that void."

He said that Australia had excess training capacity because of cuts in its defense forces, so it would be "quite easy to accommodate those desires from Indonesia and I think beneficial for the relationship."

The Labor government under Prime Minister Paul Keating has made expansion of Australia's economic links with Asia one of its key programs. Indonesia is among the fastest growing markets in the region for Australia.

Earlier this year, European countries and virtually all Asia-Pacific nations, including Japan and Australia, refused to support the U.S. policy linking continuation of China's trade privileges to improvements in its human rights record. This rejection was one of the factors that prompted the Clinton administration to renew China's access to the U.S. market at the lowest prevailing rates of duty without any further conditions.

Last month at a meeting in Bangkok with the Association of South East Asian Nations, the European Union, Canada and Australia moved further away from the U.S. policy of trying to end human rights abuses in Burma and restore democracy by severely limiting political contacts and aid.

Gareth Evans, Australia's foreign minister, said that there had been some progress in easing repression and improving rights in Burma over the past couple of years, although it had not gone nearly far enough. He said the improvement was probably due in part to "the policy of hands-on dialogue engagement and encouragement" pursued by ASEAN.

Hans van den Broek, the EU commissioner for external political relations, said that while the EU continued to have serious concerns about the situation in Burma, "we want to work together very closely with the neighbors of Burma, notably the ASEAN countries, to see how we can encourage change there."



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Herald Tribune

Published by The New York Times and The Washington Post

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★ POLITICAL VOTES ★

Senate Approves Space Station Funding

WASHINGTON — The Senate approved \$2.1 billion on Wednesday to continue work to put a U.S. space station in orbit around the Earth by 2002. The action came on a vote of 64 to 36 rejecting an amendment to a National Aeronautics and Space Administration appropriations bill killing the space station. The House approved the funds last month.

Senator Dale Bumpers, Democrat of Arkansas and the author of the amendment, called the space station a "turkey" and said it was too expensive and would not provide enough benefits to justify its construction. Supporters said the station was needed to continue space exploration and research and to keep the United States ahead in technology. (Reuters)

Health Care a Battlefield After Shooting

WASHINGTON — Since last week's double slaying at a Florida abortion clinic, both sides in the debate have redoubled their resolve over how the emerging health care bills should cover abortion.

Abortion-rights proponents say that the killings at a Pensacola clinic underscored the necessity of making abortion part of a basic benefits package. Not to do so, said Eleanor Smeal, president of the Fund for a Feminist Majority, would "marginalize women and abortion providers and set them up for being 'picked off' terrorized and tortured."

Douglas Johnson, chief lobbyist for the National Right to Life Committee, said the proponents were "exploiting" the killings "to further a legislative agenda that has very little public support." (NYT)

Democratic Party and Chicago Seal Deal

WASHINGTON — After weeks of haggling over contract details, the Democratic National Committee and Chicago have closed a \$32.1 million deal for the city to host the party's 1996 presidential nominating convention. It will be the first time Chicago has hosted a national political convention since 1968, when the Democratic gathering was marred by violent protests against the Vietnam War. (AP)

A Little Polish for a Tarnished Image

WASHINGTON — When President Bill Clinton showed up in the Roosevelt Room for his only public event Tuesday, he encountered a familiar face: Douglas Balits of San Diego had predicted during a 1992 Clinton campaign stop at his shipbuilding company that the Democrat would forget him and his troubles if he ever made it to the White House.

But Mr. Clinton did not forget his pledge to help the shipbuilding industry with a government-backed loan program. And the White House, facing what an official called the "devastating problem" that Americans think Mr. Clinton has broken far more promises than he has kept, is using events like this one to fight back.

With Mr. Clinton's popularity edging toward the record lows it hit last year, and with congressional elections only three months away, the president's advisers say it is "critical" to use the coming weeks to make a better case for his accomplishments. (WP)

Quotes/Unquote

Representative Michael G. Oxley, Republican of Ohio, after breaking his wrist early in the Republican team's victory over the Democrats in the Roll-Call Congressional Baseball Game: "Good thing my health care is covered. Clinton will probably call a news conference tomorrow and declare that all of our constituents should have the same health care as Oxley."

Away From Politics

• The Los Angeles City Council has approved payment of \$3.8 million to Rodney King, effectively ending the black man's legal battles over his 1991 videotaped beating by white police officers. Approval had been expected since last week when Mr. King agreed to drop two appeals in his lawsuit against the city. In return, the city and a former police officer dropped efforts to make Mr. King pay part of their legal costs.

• The deputy chairman of the Postal Service board of governors has asserted that blacks are "overrepresented" on the postal work force in a number of large cities and Hispanics are seriously underrepresented. The official, Tirso del Junco, blamed black postal managers in those cities.

• In a new attack against welfare fraud, computers that compared public assistance rolls in six states found more than 4,200 people who apparently received benefits both in New York and in another state.

• It could be two months before ashes cool from wildfires in Washington's Cascade Mountains. "I have no doubt that somebody's going to have to baby-sit these fires that are burning right now for a long, long time," the head of the unified fire-fighting force in the area, Stanley Kunzman, told The Seattle Times.

• Every house in a county in New Mexico should contain a gun for safety reasons and to counter threats against the right to bear arms, the Catron County commissioners recommended in a nonbinding resolution.

• A New York City man was ordered held on \$10,000 bail after he tried to sell his 4-month-old son to strangers on the street for \$1,000, the police said.

• Three men convicted of killing a businessman in a robbery 13 years ago were to be executed by lethal injection Wednesday in Arkansas amid a national controversy over administering the death penalty to several persons at once.

[AP Wirephoto]

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Opposition lawmakers shouting anti-government slogans Wednesday in New Delhi. Sumi Malhotra/Reuters

Sit-In Targets Indian Finance Aide

Compiled by Our Staff From Dispatches

NEW DELHI — Sixty opposition lawmakers held a sit-in outside Parliament on Wednesday to demand the resignation of a cabinet minister whom they blame for a 1992 financial scandal.

The protest came one day after more than 200 opposition lawmakers walked out of Parliament, leaving behind only the governing Congress (I) Party and a few supporters.

The opposition lawmakers said they would not return until the government accepted blame for the scandal, involving 20 domestic and foreign banks. They were accused of illegally diverting government bonds to make funds available to stockbrokers for speculation.

The walkout, which effectively paralyzed Parliament, could force Prime Minister P. V. Narasimha Rao to hold early elections.

An investigation conducted by an all-party parliamentary committee found that Finance Minister Manmohan Singh and two other cabinet members had allowed the \$1.3 billion scam by failing to properly supervise the stock exchange. Last week the government rejected the findings, infuriating the opposition.

The sit-in on Wednesday lasted for an hour. "Remove the corrupt ministers!" protesters shouted at governing party lawmakers entering the building.

Congress Party deputies said Wednesday that Mr. Singh had told party meeting he would resign rather than withdraw the government's partial rejection of the report on the scandal.

The finance minister, architect of India's market reforms, was not available for comment on Wednesday. (AP, Reuters)

In Japan, Too, the Weather Creates Unwelcome Records

The Associated Press

TOKYO — An accumulation of hot air under high pressure has been hovering around Japan for a week, drying out farmland, killing chickens and causing people to faint. On Wednesday, Tokyo suffered the hottest day in recorded history.

The temperature topped 39 degrees centigrade (102 Fahrenheit) in the city, foreshadowing the record heat expected to oppress the country for at least another week, National Weather Agency officials said.

The blistering heat across the country has caused water levels in reservoirs to reach dangerously low levels and the water supply has been reduced in cities supplied by 33 of the country's largest dams, according to another official.

Businesses and residents throughout the country are saving water from bathing and washing dishes to flush toilets. Consumers are spending more on air-conditioning, beer, bathing suits and anything else involved with cooling off.

Aside from some people who passed out in Shikoku, there have been no reports of injury or death from the heat, officials said.

Before Wednesday, the hottest day for Tokyo since the weather bureau began keeping records in 1923 was 38.4 degrees centigrade (101 Fahrenheit) in 1953. The greatest heat ever recorded in Japan was 40.8 degrees centigrade (105 Fahrenheit) in 1933.

HOT: Europe's Sizzling Summer

Continued from Page 1

officials said. Salmon and sea bass, which have barely managed to re-establish themselves in the Rhine after years of anti-pollution efforts, would go belly-up if the water temperature reached 30 (86 Fahrenheit), according to Paul Haged, deputy director of the Netherlands Fisheries Institute. The normal temperature is 20 (68 Fahrenheit).

In Germany, Environment Minister Klaus Töpfer told a newspaper over the weekend that he was afraid the unusual warm weather signaled a possible climate change from the much-predicted "greenhouse effect" caused by the increase in atmospheric carbon dioxide from human activities.

Too early to tell, reported Hans-Jürgen Swantes of the

German Weather Service in Offenbach. Just because no July as hot as this one this year had been recorded in the Netherlands since record-keeping began in 1706, or in Germany in the last 100 years, does not mean that the climate has changed irreversibly.

The hot weather in Europe this summer, they say, has been produced by a series of high-pressure areas moving in from the Atlantic and the North Sea, and then pumping up warm, humid air from the Mediterranean and blocking cooler air.

Skeptics say things are out of whack on a global scale. Blistering, prolonged heat over 38 degrees (100 Fahrenheit) killed thousands of people in India in June, and forest fires have ravaged Spain and the western United States.

A recent outbreak of labor unrest has been an unnerving reminder to investors that workers have not necessarily bought the new government's message of restraint. In the first six months of the year, South Africa lost 1.2 million worker days to strikes, up from 700,000 a year ago, according to Andrew Levy & Associates, an industrial relations consulting firm.

Nor are Westerners alone in sweating South Africa.

"Many Japanese companies invest in Southeast Asia because labor cost is cheaper than South Africa, skills are higher, and sometimes the loyalty to the company is more excellent," said Kyoji Yosimura, Japan's economics attaché in Pretoria.

In terms of infrastructure, the country is as well-equipped for business as most of Europe. Even so, South Africa is not competitive in the developed world.

country's top actor and actress. Like all Hindi movies, it included dance scenes set to music. But one dance scene was unlike anything that had ever made it past the government censor board.

In a song that scaled the pop charts, the leading lady is asked, "What's beneath the blouse?" The camera slips over her demurely veiled face and focuses suggestively on the *choli* stretched tight across her ample, heaving bosom as she replies coyly, "In the *choli* is my heart, and this heart I will give to my lover."

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"*Choli*" was still on the charts when the so-called "Sexy, Sexy" hit the streets with a disco beat that repeated the word "sexy" more than 100 times. Then came the movie "Raja Babu" and the refrain "Drag your coot next to mine." And others.

India went ballistic. Every cab driver in Bombay was singing "Sexy, sexy." The radios played "*Choli*" ad nauseam.

Conservative politicians and women's organizations were furious. Lawyers sued movie studios in an effort to shut down what they considered vulgar films. About 150 members of the Hindu fundamentalist Bharatiya Janata Party stormed a theater in Bombay a few months ago, throwing black ink on the screen, ripping up marques and chasing patrons out.

Even Prime Minister P. V. Narasimha Rao has gotten into the act, recently telling a meet-

ing that the Socialists and the Liberal Democrats together was their common desire to maintain many aspects of the status quo. What has distinguished the neoconservative rebels who originally ousted the Liberal Democrats last year is their embrace of an agenda of change.

The neoconservative reformers who held power for less than a year, most of that in partnership with the Socialists, have pushed hard for a larger international role for Japan.

But the governing coalition has made it clear that it is reluctant to press for a permanent seat on the UN Security Council, for example, and that it will maintain the current strict restrictions on the military's ability to operate outside Japan.

A tougher issue is economic deregulation. The reformers have said they want to open the coddled Japanese economy, in large measure because the plethora of regulations are harming the competitiveness of Japanese corporations.

The new governing coalition has asserted that it, too, favors deregulation, but many businessmen are skeptical. The Liberal Democrats and the Socialists together built and sustained the old system, which relied on oppressive control of the economy by government bureaucrats.

Old Order Shakes as Japan Demolishes Party System

By James Sterngold

New York Times Service

TOKYO — Prime Minister Tomiichi Murayama rattled the country recently with several bold announcements.

The military, one of the largest in the world, is legal, he declared; the country's nuclear reactors, providing about a quarter of Japan's electricity, will not be shut down, and the flag and the anthem praising the emperor will remain the national symbols.

Normally, acknowledging the status quo is not news. But considering that the new prime minister is the head of the Socialist Party, which had previously rejected all these as either unconstitutional threats to the people or symbols of the militarist past, the statements hinted at the pragmatism driving politics as Japan finally tears down and reconstructs its party system.

The comments marked as big a jolt to the old order as the toppling of the highly conservative Liberal Democratic Party last summer after 38 years of one-party rule.

The Liberal Democrats fell after being split by factional infighting. But with Mr. Murayama's statements, the Socialist Party, the second largest in the old political order, was in effect erased — without a vote or a battle.

It was transformed into what Mr.

Murayama has called a "dovish" party that opposes any international military role and seeks to create what is effectively a welfare state, with government intervention and industrial policy a means of providing for the society's welfare.

Contrary to expectations that there would be feverish opposition and a split

per house of Parliament and one of the few Socialists who spoke out against the declarations, said he opposed not Mr. Murayama's abandoning his personal principles but his pushing the entire party along the same path. He indicated that he would have preferred a fuzzy stand that left the party with its head in the coalition and its heart outside.

If the party adopts the same positions as the Liberal Democrats, then it is denying its own *raison d'être*, Mr. Yatabe said. "I could even say it is committing suicide."

But most responses were like those of Nagateru Tokuyama, secretary-general of the Japan Teachers' Union, a staunch supporter of the Socialists.

"The changes were unavoidable for a party in power," he said, sighing. "When the Socialist Party was in the opposition, its policies were just slogans, not policies it expected to be implemented."

Kazuo Nakazawa, a senior official of Keidanren, the powerful lobby representing Japan's largest corporations, commented: "Socialists? There are no Socialists. Everyone is a capitalist now."

So much for ideology. But while most Socialists swallowed deep and embraced the realpolitik that has given them a taste of power after four decades in the political wilderness, indications of the differences between the two groupings emerged last week.

It is becoming clearer that what brought the Socialists and the Liberal Democrats together was their common desire to maintain many aspects of the status quo. What has distinguished the neoconservative rebels who originally ousted the Liberal Democrats last year is their embrace of an agenda of change.

The neoconservative reformers who held power for less than a year, most of that in partnership with the Socialists, have pushed hard for a larger international role for Japan.

But the governing coalition has made it clear that it is reluctant to press for a permanent seat on the UN Security Council, for example, and that it will maintain the current strict restrictions on the military's ability to operate outside Japan.

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AFRICA: Investors Holding Back

Continued from Page 1

feet about South Africa. With great fanfare, dozens of foreign companies, led by computer and software concerns and including such brand-name giants as PepsiCo and Sara Lee, have opened offices in South Africa.

But most are either reacquiring subsidiaries that they sold during sanctions, or they are essentially storefronts for goods made elsewhere.

Meg Voorhees of the Investor Responsibility Research Center, a Washington-based group that monitors trade with South Africa said multinational companies "can serve the 40-million-strong market in South Africa with goods produced elsewhere."

South Africa is not seen as a major sourcing point for exporting globally."

With good reason, said Robert A. J. Irwin, chairman of ASA Ltd., an investment com-

pany that buys South African shares, mainly in gold mining. He recently spent a week in the country making rounds of bankers, businessmen and officials, investigating other opportunities, and left a skeptic.

South Africa, he said, does not fit the profile of other emerging economies, but neither does it have the skills and industrial technology base to compete with developed countries.

South Korea and Taiwan, for example, built their muscular economies by exporting cheap clothing and working up to more sophisticated goods, a route that China is taking.

But that route starts with cheap labor. In South Africa, the manufacturing work force is heavily unionized, costing employers almost \$5 an hour in total remuneration, double the cost in Mexico or Brazil, and eight times the cost in China. Productivity is low.

A recent outbreak of labor unrest has been an unnerving reminder to investors that workers have not necessarily bought the new government's message of restraint. In the first six months of the year, South Africa lost 1.2 million worker days to strikes, up from 700,000 a year ago, according to Andrew Levy & Associates, an industrial relations consulting firm.

Nor are Westerners alone in sweating South Africa.

"Many Japanese companies invest in Southeast Asia because labor cost is cheaper than South Africa, skills are higher, and sometimes the loyalty to the company is more excellent," said Kyoji Yosimura, Japan's economics attaché in Pretoria.

In terms of infrastructure, the country is as well-equipped for business as most of Europe. Even so, South Africa is not competitive in the developed world.

Bangladesh Author Leaves Hideout To Face Trial Over Feminist Stand

Compiled by Our Staff From Dispatches

Dhaka, Bangladesh — Taslima Nasrin, a feminist author who has been threatened with death by Islamic fundamentalists, emerged from two months in hiding Wednesday to face a charge of insulting Islam.

Dr. Nasrin entered the courtroom flanked by an army of lawyers headed by former Foreign Minister Kamal Hossain. She was dressed in a sari and with her head covered by a scarf, in the tradition of Muslim women. She was freed on \$125 bail on a charge of violating a 19th-century law against offending religious sensibilities. No trial date was set.

Fundamentalists put a \$5,000 bounty on her head, and authorities followed up June 4 by issuing a warrant for her arrest, which led Dr. Nasrin to go underground. Her case provoked almost daily clashes between fundamentalists and her secular defenders.

"During these days in hiding, I felt I was dying every moment. I was not allowed to use the telephone, and I lived in a dark room," she said. "It was like living in a jail cell or in exile."

While she was in hiding, the European Union offered her political asylum, but Dr. Nasrin said she had no plans to leave the country and did not know whether her bail provisions would even allow her to visit another country.

If convicted, she could be jailed for up to two years.

(AP Reuters)

She has said she was misquoted, but would like to see changes in Islamic laws to protect women's rights.

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(AP Reuters)

INDIA: Liberated Lyrics Have Country in an Uproar

Continued from Page 1

STAR TV, more than three years ago, MTV put visuals to American music, which had long been popular among India's middle class and younger generation. But its greatest impact was spreading Western music and attitudes beyond the big cities of Bombay and New Delhi to small towns across the country, where savvy owners of television stores began buying cheap satellite dishes and stringing cable wires to village huts for a few rupees a month.

Also, for the first time in modern Indian entertainment history, audiences had an alternative to indigenous film production and the staid government-controlled television network Doordarshan, smidly referred to by one television critic as "the last upholder of middle-class morality" in India. Even in the poorest of the poor slums, neighbors began pooling their rupees to rent television sets and began watching cable movies rather than going to theaters.

If the conservative politicians and pundits viewed MTV as a threat, they were not alone. The general strike appeared to them Tuesday night to go to work.

Amriti Saleh, an official in the ruling junta, said on special television and radio broadcasts: "Any failure to heed this advice will be viewed as a sign of disloyalty to the government and will be handled under existing civil service regulations."

The general strike had much less effect in northern areas of the country. Northerners have always dominated the military and have used their historic control of India's authoritarian governments to divert the nation's vast oil wealth to the north.

(Reuters, AP)

country's top actor and actress. Like all Hindi movies, it included dance scenes set to music. But one dance scene was unlike anything that had ever made it past the government censor board.

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Even Prime Minister P. V. Narasimha Rao

A BIG “Thank you” To ALL OUR READERS WHO REPLIED TO OUR 1994 READER SURVEY

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As promised, here are some highlights from this study, describing you, the IHT reader:

You are mostly of the male variety: 79% versus 21%. Your average age is just over 46 years, although 44% of you are under 45. You are very well educated: 91% of you have a university degree or a higher qualification; in fact, one in 7 of you have an MBA. You are very loyal readers of the newspaper: 61% read 5 or 6 issues a week.

The majority of you live in Europe (64%), with a growing number living in the Asia/Pacific region (17%) and the USA (11%). In fact, many of you have chosen to live and work in a country other than that of your citizenship; however, the average number of years you have lived in your present country of residence is over 11, so you seem to be fairly settled.

You are frequently on the move: over a third (34%) take 10 or more business air trips a year, and 74% of you belong to an airline's executive or frequent flier club. These business trips take you all over the world: 79% to Europe, 62% to the USA, 40% the Asia/Pacific region, 12% travel to the Middle East, 10% to Africa and 10% to Latin America. While away on business, you spend, on average, 30 nights a year in hotels.

As far as cars are concerned, 46% of you have 2 or more cars in your household, and the average cost of your main vehicle is US\$ 31,800.

Practically all of you hold investments of various kinds: 63% invest in stocks and shares, 47% in investment funds, 41% in real estate (apart from your main home), 34% in collectibles, 34% in bonds, to name but a few. The average value of your household investments is a staggering US\$ 886,400.

Almost one fifth of you (19%) work in organizations whose principal activity is manufacturing or engineering; 26%* financial or other business services, 17%* in the professions and 10%* in the government or the diplomatic service.

You are successful in your working life: 89%* have reached a senior level, whether this be in business, government, the professions, in self-employment or otherwise. 75%* of you work for organizations with operations abroad; 78% of this group have international responsibilities and 57% influence strategic decisions about the company's overseas operations.

The international nature of your job requires that you have dealings with many countries throughout the world: 71%* are involved with Western Europe; 52%* with USA/Canada; 16%* Latin America; 20%* Middle East; 34%* South East Asia; 22%* Japan.

As you have reached a high level in your chosen profession, you earn a fairly high level of income, the average per household being US\$ 147,600.

So, in a nutshell, that's the average reader of the International Herald Tribune: internationally-minded, well-educated, successful, mobile and affluent.

Thank you once again for your continued support, and we hope you will take part in our next reader survey in a couple of years' time.

* Based on all in employment (85%)

INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Speed Up Rwanda Relief

How can it take so long for the industrial powers to deliver emergency supplies and equipment that are desperately needed to save the lives of Rwandan refugees? As refugees began to be ravaged by cholera and dysentery from drinking contaminated water, relief workers begged for a clean water supply. American equipment was rushed in to purify a million gallons of drinking water a day. But relief workers complain that pure water is not much good unless it gets to the refugees; they say 200 tanker trucks are needed to deliver it. About 20 have arrived. Where are the other trucks?

As the dead began to pile up by the thousands, further endangering the living, a call went out to Washington from squalid refugee camps for digging machines and bulldozers to bury the bodies before they could infect the living. A week later, the equipment had yet to arrive. What is the problem?

When the humanitarian nightmare began in Rwanda, Washington was at first slow to respond. But it is not the main source of delay now. The principal bottlenecks are at the United Nations, with its maddening bureaucracy and paperwork, and on the ground in Africa, where there is a shortage of airport space to land and unload cargo planes. Both bottlenecks need to be eliminated promptly, so that relief can reach Rwandans fast.

Requests to the United States to airlift relief equipment, such as tanker trucks, are referred to the Pentagon, which has to find the gear on far-flung bases and arrange to fly it to airfields near the camps. The Pentagon is now processing requests expeditiously.

—THE NEW YORK TIMES.

Why Invade Haiti?

The American government is conducting a shadow play intended to make an invasion of Haiti unnecessary by making it seem inevitable. This is the meaning of the attack authorization that the United States extracted from the United Nations this past weekend. The invasion countdown does not mean that American troops are all set to go in and throw out the junta that ousted Haiti's elected president, Jean-Bertrand Aristide. It is the latest tightening of the screw in an effort to force the junta to step down without a fight.

If it works as planned, the Clinton administration will be able to claim a foreign policy success. But, regardless of the result in Haiti, a price will have to be paid. It is a stretch and then some to say that the junta's internal cruelties imperil international "peace and security," the UN Charter's test for armed intervention. A question of consistency arises when it comes to applying a similar standard to friendly authoritarian countries, like some of those that voted to back the United States in Haiti. A precedent is being set that would allow, say, Russia, to seek a similar license in policing what it calls its near abroad.

Nor does the international authorization translate easily into the approval that President Bill Clinton is going to

—THE WASHINGTON POST.

Tabloid Love Story

Somewhere above reality — somewhere, let us say, between the earth and the ether — there lies a land whose only manifestation is in those fabulous tabloids that greet America's supermarket shoppers just before they reach the cash register. The checkout line becomes a reading room. In this land, 99-year-old women give birth to babies almost every day. Some of these women have 15-year-old boyfriends. Others were partnered, if only temporarily, by gentlemen who are not only out of this world but out of this species.

In this land, a cat eats a parrot — and talks. A two-headed man holds conversations with himself. A cheating wife's head (she had but one) explodes.

In this land, life is eternal. The occasional death is reported, true, sometimes accompanied by a photograph of the deceased in his coffin. But very often the dead are seen again, at gas stations or

—THE NEW YORK TIMES.

Other Comment

Don't Help Russia With That

The Soviet Union "needed" nuclear weapons because it was challenging the United States; why, then, does Russia need them? What business is it of ours? And what difference does it make if they have a right if we Americans do not have the power to take them away?

It does make a difference, however, whether Russia needs nuclear weapons or has a right to have them, because the Russians are spending money to keep those weapons, and they are asking us for money. We cannot ask them to give up

— Max Singer, writing in the Hudson Briefing Paper (Indianapolis).

their religion, traditional symbols of their nation or weapons they need for self-defense or self-respect as the price for giving them economic assistance.

But if they do not have a right to nuclear weapons and do not need them, we have every right to say that we will not provide money to them while they continue to spend money on maintaining their nuclear weapons. The least we can do is deduct from the assistance we provide the amount they could save by dismantling nuclear weapons.

— Max Singer, writing in the Hudson Briefing Paper (Indianapolis).

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Decaying Parts of Africa Need Benign Colonization

By Ali A. Mazrui

PRETORIA — Much of contemporary Africa is in the throes of decay and decomposition. Even the degree of dependent modernization achieved under colonial rule is being reversed. The successive collapses of the state in one African country after another during the 1990s suggests a once unthinkable solution: recolonization.

To an increasing number of Africans, this is the bitter message that has emerged from the horrifying events in Rwanda. While Africans have been quite successful in uniting to achieve national freedom, we have utterly failed to unite for economic development and political stability. War, famine and ruin are the postcolonial legacy for too many Africans.

Might Egypt re-establish its "big brother" relationship with Sudan? Might the United Nations implore

In the 21st century, for example, might Ethiopia (which will by then presumably be more stable than it is today) be called upon to run Somalia on behalf of the United Nations? After all, Ethiopia was once a black imperial power, annexing neighboring communities. Why should it not take up that historical role again in a more benign manner that has legitimate international sanction?

Might Egypt re-establish its "big brother" relationship with Sudan?

Might the United Nations implore

ton, the savagery we have witnessed in the past months would very likely not have happened on the same scale.

If recolonization or self-colonization is the path that lies ahead for Africa, there must be a continental authority to ensure that such an order does not merely mask base aims of exploitation. What I propose as a longer-term solution to problems exposed by today's crises is the establishment of an African Security Council composed of five pivotal regional states, or potential pivotal states, which would oversee the continent. This council would have a Pan African Emergency Force, an army for intervention and peacekeeping, at its disposal.

There would also be an African High Commissioner for Refugees linked to the United Nations refugee agency. While Africa accounts for one-tenth of the world's population, it accounts for half of the world's refugees.

The African Security Council that should be formed over the coming decades would be anchored in the north by Egypt and in the south by South Africa. Although it is currently experiencing very troubling times, Nigeria would be the pivotal state in West Africa. Its size and resources could give it the weight of India if it can find political stability.

In East Africa, the pivotal country is still in doubt. Ethiopia, among the most fragile of the largest African states today, is the most likely anchor because of its size. Kenya is more stable but far smaller.

In central Africa, the presumed regional power of the future, Zaire, is currently itself in need of trusteeship. If Zaire can avoid collapse into chaos in the near

future, it will be one of the major actors in Africa in the 21st century, taking Burundi and Rwanda under its wing. Zaire has the population and resources to play a major role. In the next century it will surpass France as the largest French-speaking nation in the world.

As permanent members of an African Security Council, the five states would coordinate among each other and with the United Nations.

Regional integration is the order of the day in Europe, in North America, in East Asia and even, tentatively of course, in the Middle East. If Africa does not follow this path, the lack of stability and economic growth will push the entire continent further into the desperate margins of global society.

In tandem with the efforts of the United Nations to establish a peaceful world order, Africans need an African peace enforced by Africans, from Angola to Rwanda and Burundi.

These are no doubt frightening ideas for proud peoples who spilled so much blood and spent so much political will freeing themselves from the control of European powers. To be sure, self-colonization, if we can manage it, is better than colonization by outsiders.

Better still would be self-conquest. But that implies an African capacity for self-control and self-discipline rarely seen since before colonialism.

The writer, a Kenyan author of more than 20 books, is editor of Volume 8 of the *Unesco General History of Africa*, "Africa Since 1950." This comment was distributed by the Los Angeles Times Syndicate.

Take Prudent Note of the Successes in Clinton's Record Abroad

By Flora Lewis

PARIS — The condemnation of Clinton administration foreign policy has become a self-perpetuating refrain, *très la la* without attempting to make sense of the words.

It is hard to tell at this point whether this is just another part of the general attack on a president who, for his critics, can do nothing right, from feeding refugees to taking a vacation; or is due to poor explanation of issues that the White House does not want to become a distraction from its prime domestic concerns; or is a subtle way for Americans to convey that they don't want foreign policy on their agenda now, so write it off as hopeless.

It is not an accurate picture of what the United States has been doing in the world since Bill Clinton moved to Washington. There have been pluses and minuses. Naturally, the failures draw more attention, even on relatively minor issues, than the decisions that don't go wrong. And continuity, which has been considerable, is less reassuring in a world keenly aware of rapid change.

Whither Russia is the most critical issue for international affairs at this stage. What has not gone wrong has to be considered a sub-

stantial achievement. Yegor Gaidar, the former deputy prime minister, revealed recently that he had to release large amounts of military food reserves and that without massive foreign relief supplies the country would not have made it through the first couple of winters after the Soviet collapse. Now shortages have been overcome and the economy is starting to function, although grossly distorted by the horrendous spread of organized crime — which the West could help to limit by energetic monitoring of money laundering.

The agreement with Ukraine on disposition of nuclear weapons has been signed, still to be formally put into effect. It was a political miscalculation for Mr. Clinton to try to launch a new stage of trade negotiations at Naples, so soon after what might have been a messy trade war was averted. But the error was tactical. The strategy is heading well.

After an unwise start that threatened to fray relations, Washington and Tokyo are back on a more cooperative course. It is not unwise or indecisive to notice a mistake quickly and correct it.

Bosnia, the whole Yugoslav issue, has been a failure, by all of the powers. It is Polyamorous to be consoled just because the war has been kept from spreading. That must remain a concern, to be handled better.

There has been too much noise about using force in Haiti, which won't fix what ails that benighted country, and too much blowing hard about what is in store for North Korea.

The frustrations about not being able to win minor players into line do tarnish Washington's image, especially in its own eyes. It is not satisfying that nothing irreparable has been done on these fronts, but this is better than disastrous plunges. Rwanda has to be considered an example of what the illusion is encouraged that the world can look after itself and need not bother to foresee and head off disaster.

This is not a bad record. It is far from perfect. The chance for improving it can be spoiled if only failures are counted. Troubles averted are successes.

© Flora Lewis.

The Nation-State Is Declining, but No Replacement Is at Hand

By Nicholas Colchester

LONDON — The phrases "international community" and "shared sovereignty" are both, if not quite oxymorons, at least charged with wishful thinking. They are much used in today's talk of foreign affairs, perhaps in the hope that, like some failed

France created a "state nation" and gave it an almost human persona. America created the ultimate idea-based nation. Even Britain embraced a number of nations within its state. Such civic state-building was

drawn up an interim balance sheet since some major decisions have been made that are already shaping the future. And it matters, because the United States can't opt out, doesn't really want to, and needs both for itself and its partners a steeper assessment of how it is doing in its shift from Cold War leadership to more congenial partnership.

First, though, it is important to keep in mind that this is happening just when many governments which must be the major partners are themselves handicapped by severe internal troubles and uncertainties. Of the industrial states at last month's Naples summit, Japan and Italy are facing deep political transformation, Britain is at ebb tide, France is consumed with next year's presidential election, and Russia is just getting started on a historic renovation. The United States must deal with them as they are.

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stantial achievement. Yegor Gaidar, the former deputy prime minister, revealed recently that he had to release large amounts of military food reserves and that without massive foreign relief supplies the country would not have made it through the first couple of winters after the Soviet collapse. Now shortages have been overcome and the economy is starting to function, although grossly distorted by the horrendous spread of organized crime — which the West could help to limit by energetic monitoring of money laundering.

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After an unwise start that threatened to fray relations, Washington and Tokyo are back on a more cooperative course. It is not unwise or indecisive to notice a mistake quickly and correct it.

The flag of Europe flies more often in Scotland, Catalonia, Rhône-Alpes and Bavaria than it does in London, Madrid, Paris and Berlin, precisely because it is a symbol of a counterweight to those old, aloof capitals.

The tentative upshot of all these thoughts is that the nation-state is far from dead. It is still the main repository of loyalty and legitimacy. Asian nation-states are moving into the phase of high self-confidence that pioneers of the nation-state knew in the 19th century. The birthrate of nations is particularly high, as the Russian empire dissolves and the newcomers experience the normal postcolonial agony of poorly matched states and peoples.

Nevertheless, the role of the nation-state is evolving. Government will become a more stratified affair, with power, and a little identity, shifting up above national capitals — and identity and a little power shifting down below them. Westminster, Paris and Washington will detect the sensation. Beijing and Moscow will adapt. Brussels and Bonn/Berlin will smile knowingly.

The writer is editorial director of *The Economist* Intelligence Unit. This comment was adapted by *The New York Times* from a report on a conference at the Ditchley Foundation, in Oxfordshire, England.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Spain Fights Anew

PARIS — A fighting spirit is animating the Spaniards, and they seem to find it necessary to be always at war. They have hardly finished with the Moors of Morocco, and now they have begun to fight with the people of the Island of Mindanao, whom the Spanish call the Moors of the Philippines, probably because they are Mohammedans. They are terrible warriors, and if the Spanish think they will soon get the better of them they are mistaken.

1944: Army Halts Strike

PHILADELPHIA — [From our New York edition:] The United States Army, acting on orders of President Roosevelt, took over Philadelphia's entire transportation system tonight [Aug. 3] and called on 6,000 rank-and-file strikers, who have stalled all transit and cut war production for three days in dispute over upgrading of Negroes to operating jobs, to resume operating the City's bus, trolley, elevated and subway lines. Two hours after the Army took over, the strikers' committee voted to return to work as ordered.

Given some grave danger of war, which is not hard to imagine, those realists might yet be proved right, because the nation-state remains the one entity that nations are inviolable, how- ever. But it is just as plausible to

OPINION

For the Post-Cold War Era He Offers a Novel Agenda

By Jim Hoagland

WASHINGTON — Protecting the global environment and empowering women around the world are more than noble thoughts for Tim Wirth, a State Department official. He wants them to become major objectives of U.S. foreign policy under President Bill Clinton. Now Mr. Wirth's quest is about to burst into public view.

The quest is to fashion a Clinton foreign policy agenda beyond the containment of communism. America's post-Cold War agenda, he says, must deal with the "unfamiliar challenges" of a world imperiled not by Soviet expansionism but by "resource scarcities" that trigger social injustice and chaos.

But for critics, who come from the ranks of centrist Democrats as well as the Republican right, adopting Mr. Wirth's ideas would make political correctness a guiding principle of U.S. foreign policy.

Mr. Wirth, a former Democratic senator from Colorado and now the undersecretary for global affairs at the State Department, laid out the agenda in detail in a recent conversation with reporters at The Washington Post and in a July 12 speech at the National Press Club.

He said positions that he will be championing at a make-or-break event for him, the Cairo Conference on Population and Development. At the Sept. 5-12 conference, the Clinton administration will seek international acceptance of a population control philosophy that has triggered harsh denunciations by the Vatican.

Mr. Wirth's positions on environment, population and women's rights as driving forces in the new global politics amount to an alternative foreign policy for President Clinton, who has been widely pilloried for inaptitude abroad.

Elected with a mandate for change, the president has shown signs of uneasiness with the traditional way in which Secretary of State Warren Christopher has run foreign policy. But Mr. Clinton has thus far been unwilling to commit himself fully to a radical conceptual departure like the one Mr. Wirth urges.

Mr. Wirth's New Age foreign policy strongly echoes the environmentalist ideas that Vice President Al Gore has advocated. But Mr. Gore has been careful not to show operational support for Mr. Wirth in the Colorado's battles to get the State Department to focus on environment and population as clear na-

tional security threats, administration insiders tell me.

Resource scarcities are a root cause of the violent conflicts that have convulsed civil society in Rwanda, Haiti and Chiapas" in Mexico, Mr. Wirth said in his National Press Club speech. These conflicts, he added, "offer a grim foreshadowing of the anarchy that could engulf more and more nations if we fail to act."

Mr. Clinton faces an immediate test in this area as he weighs an American-led invasion of Haiti. More by drift than White House design, it is in a Third World basket-case nation, ravaged by all the long-term evils that Mr. Wirth warns against, that Mr. Clinton is being urged by his political and foreign policy advisers to demonstrate U.S. resolve through force.

Free from the Cold War confrontation that dominated the foreign policies of his predecessors, Mr. Clinton could be drawn into making the Third World the focus of the energy and attention he invests in foreign affairs. Deep involvement in Haiti's problems could bring a Third Worldization of Clinton foreign policy, enhancing Mr. Wirth's doctrine of "sustainable development" and "human security."

Mr. Wirth terms "the promotion of social, political and economic rights of women" as "extraordinarily important resources for growth and agents of change." When I pressed him on how empowering women politically in other nations would serve U.S. foreign policy goals, he asserted that women's groups usually fight for causes — protecting the environment, reducing population pressure and resisting militarism — that increase global stability.

From most others, such an argument mixing worthy but ethereal goals could have fallen flat. But Mr. Wirth is an unusually commanding and persuasive figure. He was widely expected to become Mr. Clinton's energy secretary but was passed over and given a completely new and shapeless portfolio at State.

He has used the global affairs platform to fashion Wirth's World: the most intellectually challenging (and I think ultimately the most politically controversial) proposals coming out of the administration. That is the risk you run when you give a talented and determined politician the time, space and mandate to think up something new.

The Washington Post



LETTERS TO THE EDITOR

Saddam Hasn't Budged

I am writing on the anniversary of Saddam Hussein's invasion of Kuwait, which took place on Aug. 2, 1990. Much has happened since, but vital facts remain: Saddam refuses to recognize the sovereignty and borders of Kuwait, and he is still keeping the 625 civilians who were kidnapped from Kuwait.

His painfully slow compliance with selected aspects of the UN resolutions is designed to hoodwink members of the United Nations into believing that he is becoming a civilized statesman. His refusal to export limited amounts of oil, as permitted by the UN, and the resultant hardship to the Iraqi people is an attempt to blackmail the world into releasing him from all constraints on oil exports. He would be able to crush and subdue all opposition internally, then to apply his goals externally.

FAISAL al-SABAFI
Kuwait Information Center,
London

Worse Than Hiroshima?

The article on the Smithsonian Institution's planned exhibit on the atomic bombing of Hiroshima and Nagasaki ("Spin of Smithsonian's Hiroshima Script Under Fire," July 22, by Eugene L. Meyer) quotes a historian as saying that the exhibit refers extensively to the brutal nature of American strategic bombing and to Japanese casualties and suf-

fering," while saying little about Japanese aggression and atrocities.

Allow me to say something about Japanese aggression and atrocities. The battle for the liberation of Manila, which lasted from Feb. 3 to March 3, 1945, claimed 100,000 lives. The city was first torched by the defending Japanese forces. Most of the remaining structures in the battle zone were then destroyed by the artillery of the liberating U.S. forces. Through those 28 days, the Japanese defenders preyed on Manila's defenseless civilians.

The Smithsonian exhibit should include photographs of Manila massacre scenes such as San Marcelino Church, St. Paul's College, the Spanish Consulate, the Red Cross Building and more. In a city under Japanese control, noncombatant residents suffered a fate certainly comparable to that at Hiroshima and Nagasaki.

JUAN JOSE P. ROCHA
Manila

Don't Punish All Artists

As a concert pianist, I was dismayed to read in the Political Notes column of July 28 that the Senate had approved a bill that would cut the budget of the National Endowment for the Arts by \$8.5 million. Why should serious artists and musicians — all those who have devoted their lives to the presentation of America's cultural heritage and to the diffusion of beauty so essential to the soul — thus suffer the consequences of the

dubious "performance" of a depraved crank? Understandably, Ron Athey's "artistry" — in which paper towels soaked with blood from an AIDS sufferer were hung over the heads of an audience — offended some senators' sensibilities. Yet would it not be more intelligent to better control the way in which Endowment money is distributed, beginning with guidelines to safeguard against automatic promotion of the superficially provocative, the philistine and the ideological?

True artists, those who have acquired a sound technique and a mastery of knowledge of their craft, should be recognized. They are in dire need of public support.

ERIC LE VAN
Mittlach, France

Points About Proliferation

Regarding "Nuclear Crisis Extends Well Beyond Korea" (June 27):

Contrary to the news report, next year's conference of the parties to the 1968 treaty on the nonproliferation of nuclear weapons will not consider whether the treaty is to be extended, but rather for how long it will continue: indefinitely, or for a fixed period. Neither is the conference entitled to alter the treaty, as asserted by the author. Amendments may be adopted only through a special procedure unrelated to the extension of the treaty.

JOZEF GOLDBLAT,
Geneva

Shriver's Flair and Daring Made This a Better World

By Colman McCarthy

WASHINGTON — Of the nine Americans chosen by President Bill Clinton to receive on Monday the Medal of Freedom — the nation's highest civilian honor — the one whose public service and radical ideals have directly improved or comforted the most lives is Sargent Shriver.

Consider some numbers. At least 10 social programs he began in the Kennedy and Johnson administra-

and the effect of government programs on parents and children, and the only candidate to deliver a paper on "Religion and the Presidency."

He pledged: "If I am elected president I shall establish a Council of Ethics Advisers, similar to the Council of Economic Advisers. Most presidential problems have ethical, not just financial, scientific, military or political dimensions. Frequently, the more important question is, 'Should we do it?' not 'Can we do it?'"

Mr. Shriver's decade of government service — at Peace Corps and the old Office of Economic Opportunity, which nurtured Head Start and the others — can be seen now as a period of limbering up for the equally enduring Special Olympics.

Beginning in the early 1980s, Mr. Shriver internationalized the program — founded by Eunice Kennedy Shriver on the lawn of the couple's Maryland home — by establishing Special Olympics in more than 120 countries. It has become the largest sports program in the world, even if much of the sports world tends to ignore it because the mentally retarded in Special Olympics are not, well, athletes.

That's almost right, if by athletes you mean players who strike for more money, or hire agents to bustle endorsement deals, or brawl or scowl when they lose. The 940,000 Special Olympic athletes — some mildly retarded, some profoundly — who have taken to the field in the past quarter-century have been models of joyfulness, effort and fervor.

It is more than a coincidence that those are the goals to which Mr. Shriver, now 78, has been pushing himself in the past four decades. At a Peace Corps reunion a few years back, he spoke of his philosophy of service: "The politics of life is personal initiative, creativity, flair, a little daring. The politics of death is calculation, prudence, measured gestures. The politics of life is spontaneity, grace, directness. The politics of death is fear of youth. The politics of life is to trust the young to their own experiences."

At Monday's White House ceremonies, Mr. Shriver will be a special company with other Medal of Freedom winners, including Herb Block, Barbara Jordan, Dorothy Height, James Grant and Lane Kirkland. If that isn't a group that has practiced the politics of life — "creativity, flair, a little daring" — which one has?

Washington Post Writers Group

GENERAL NEWS

EUROPEAN TOPICS

Proposed Organ Transplant Law Sparks Dispute in German State

A proposed law on organ transplants has caused a stir in Germany's Rhine-Palatinate state. Under the draft law, backed by Rudolf Schärp, the state's premier and the Social Democratic candidate for German chancellor, organs could be removed from the body of anyone who died in the state — even tourists — unless the deceased had left specific written instructions to the contrary.

The proposal would reverse the emphasis of current German law, under which organs may be removed only with the family's clear permission.

Even physicians, who have complained for decades about the inadequate supplies of livers, kidneys, hearts and corneas for transplants, expressed doubts, according to the weekly *Der Spiegel*. They said the proposed law might raise fears and reduce the number of donors.

The proposal is on hold for now. Christian Democrats in the state parliament blocked its implementation. A referendum is being considered.

Around Europe

The number of deaths in Italy has exceeded the number of births for the first time since 1914. Figures for 1993 show that the fertility rate has dropped to only 1.21 children per

woman. That is the lowest in Europe, which has an average of 1.55. The trend, particularly marked in northern and central Italy, reflects the aging of the population and a desire to limit family size, says the National Statistical Institute. But the Vatican newspaper, *L'Observatore Romano*, blames "selfishness" and "a sense of self-satisfaction" among Italians who regard divorce and abortion as "something natural."

A Bavarian bank has acknowledged that it often refuses to open accounts for black Africans. The daily *Suddeutsche Zeitung* quoted an unnamed official at the Bayerische Hypotheken- & Wechsel-Bank as saying that the institution, known as Hypo-Bank, had a standing rule: "No accounts for blacks." A spokesman for the Munich-based bank, Hartmut Pfeiffer, denied that. But he acknowledged that bank officials had become "overly cautious" in dealing with blacks after some had overdrawn their accounts and then disappeared. Such caution is not standard practice, insists Günther Ziegler, spokesman for the Bavarian Banking Association. "Blacks and whites should be treated equally."

It's the easiest test they'll ever take. The Belgian Defense Ministry wants to give across-the-board raises to enlisted men next month in order to make a career in the new all-volunteer army more attractive. But under Belgian law, the soldiers' pay can be raised only if they pass an exam. So the army is distributing 65 questions — plus the right answers — to each soldier, and, just in case, offering courses on where to put the right answer.

Brian Knowlton

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HEALTH / SCIENCE

Nicotine Is Addictive, FDA Panel Declares

By Philip J. Hilts
New York Times Service

SILVER SPRING, Maryland — A federal advisory panel to the Food and Drug Administration has found that nicotine was addictive and that it was the chief reason people smoke cigarettes.

Of the nine panel members convened by Commissioner David A. Kessler, eight said they agreed with the surgeon general's findings in 1988 that nicotine was addictive and that it was the substance in cigarettes that caused addiction.

One member declined to vote on that question but later voted with the other eight on a question of whether nicotine "is likely to lead to addiction in the typical smoker."

The panel's votes are a step in the FDA's investigation of whether to regulate nicotine as a drug and took the agency farther than it has gone before in establishing control over nicotine.

A negative vote by the committee could have ended the investigation. When the investigation is completed, Dr. Kessler must decide whether to regulate nicotine and how to do so.

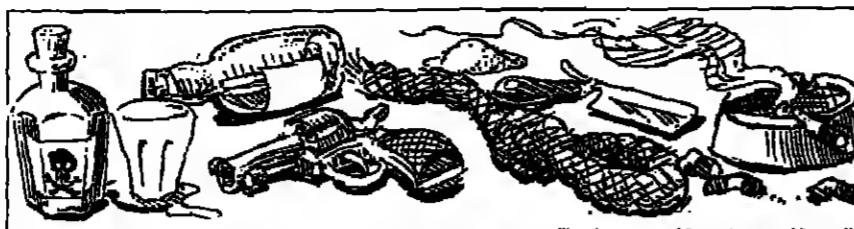
The decisions came after two days of testimony from experts on nicotine and addiction, some of whom told the panel that regularly smoking five cigarettes as day is enough to cause addiction in some people.

Scientists speaking on behalf of the Tobacco Institute, the lobbying group for the largest tobacco companies, said they believed that addiction was a term that should be reserved for intoxicating drugs, like heroin and cocaine.

The chief witness for the tobacco companies at the hearing was Dr. Domenic Ciraulo, a psychiatrist at Tufts University. Though he said he had never studied nicotine addiction, his work in heroin, alcohol and cocaine abuse led him to believe that intoxication was the most important feature of addictive drugs.

But several expert witnesses, most of whom were academics with different views than the witnesses working on behalf of the tobacco industry, suggested gradually reducing the nicotine in cigarettes over 10 to 20 years to a no-addictive level.

They proposed requiring tobacco com-



Experts Rate Problem Substances

Dr. Jack E. Henningfield of the National Institute on Drug Abuse and Dr. Neal L. Benowitz of the University of California at San Francisco ranked six substances based on five problem areas.

1-Worst 6-Least serious

Henningfield Ratings

Substance	Withdrawal	Reinforcement	Tolerance	Dependence	Intoxication
Nicotine	3	4	2	1	5
Heroin	2	2	1	2	2
Cocaine	4	1	4	3	3
Alcohol	1	3	3	4	1
Caffeine	5	6	5	5	6
Marijuana	6	5	6	6	4

Benowitz Ratings

Substance	Withdrawal	Reinforcement	Tolerance	Dependence	Intoxication
Nicotine	3*	4	4	1	6
Heroin	2	2	2	2	2
Cocaine	3*	1	1	3	3
Alcohol	1	3	4	4	1
Caffeine	4	5	3	5	5
Marijuana	5	6	5	6	4

Equal ranks

panies to include nicotine that would allow people to smoke 20 to 30 cigarettes a day without inhaling more than 5 milligrams of nicotine. They said this was a level at which few if any people would be addicted.

But scientists testifying on behalf of the tobacco industry said such a level would produce a cigarette similar to a low-nicotine Philip Morris brand called Next, which was taken off the market because it was unpopular.

The nine members of the panel, the Drug Abuse Advisory Committee, most of whom are medical doctors, comprise a standing committee that regularly handles drug abuse questions for the agency.

They were asked to respond to seven questions about the addictive properties

of nicotine and cigarettes, but not cigars or pipe or smokeless tobacco because they deliver different amounts of nicotine. Although those tobacco products were not under discussion, they would be included in the regulation of nicotine.

The scientists who testified, including Dr. Lynn T. Kozlowski of Pennsylvania State University and Dr. Neal L. Benowitz of the University of California at San Francisco, presented studies showing that nicotine was similar to heroin and cocaine in these ways:

• Nicotine therapy using a patch is as effective in controlling withdrawal symptoms as methadone is for heroin, but the nicotine patch is only somewhat effective in helping people quit, just as methadone

is only somewhat effective in helping people quit heroin.

• Only a few percent of smokers succeed each year in quitting cigarettes, a rate similar to that for heroin addicts quitting their habits.

• Some regular users of nicotine do not become addicted, just as some regular users of heroin and other drugs do not.

• Two-thirds of nicotine, heroin and cocaine users relapse soon after treatment starts, and more and more relapse until only a small percentage are still abstinent at the end of one year.

• Cigarettes deliver more nicotine to the brain faster than any other method, including intravenous injection.

Scientists at the meeting offered several recommendations to help the FDA decide how to regulate cigarettes.

Dr. Kozlowski recommended that tobacco companies be prohibited from characterizing cigarettes as "light" or "ultra-light" because the terms do not indicate how much nicotine smokers receive.

He and Dr. Benowitz presented studies showing that there was little or no relationship between the government's official numbers for nicotine yield of a cigarette and the amount taken in by smokers.

As many as half of the smokers of light cigarettes may be getting as much tar and nicotine as smokers of brands that have much higher tar and nicotine ratings, Dr. Kozlowski said.

This is because light and ultra-light cigarettes achieve their lower tar and nicotine ratings primarily by using tiny, usually invisible holes in the filters to dilute the smoke inhaled by government-approved smoking machines. Human users commonly block the holes, intentionally or not, and give themselves far higher doses.

Testifying for the Tobacco Institute, Dr. Ciraulo had said that the drugs he considered addictive were those that were so pleasurable that they took "control of a person's life, displacing other important things."

Dr. Kessler asked Dr. Ciraulo about people who were unable to quit smoking even "when it interferes with, messes up their lives so that they must face up to potentially devastating consequences."

Dr. Ciraulo said those health risks for smokers were "so distant, it's not really motivating for them."

fish each week halved their odds of developing these lung diseases. There is also some preliminary evidence to suggest that fish oils may inhibit the spread of some cancers, particularly breast cancer.

The omega-3 fatty acids are thought to inhibit proliferation of tumors by preventing the formation of tumor-stimulating prostaglandins. In a study in mice published last November in *The Journal of the National Cancer Institute*, spread of human breast cancer to the lungs was inhibited in animals fed a diet rich in fish oils, but no such benefit was observed in mice fed primarily corn oil, which is rich in the omega-6 fatty acid, linoleic acid.

Despite the suggested benefits of fish oils to the heart, no major health organization, including the American Heart Association, recommends taking fish oil supplements outside of a well-designed research study. There are good reasons for their reluctance.

The clot-inhibiting properties of fish oils have an unfortunate downside: they increase bleeding tendencies. In the Greenland Eskimos, the diet rich in fish oil appears to raise their risk of suffering usually fatal hemorrhagic strokes.

Odd Disorder Offers New Clues to Brain

By Sandra Blakeslee
New York Times Service

Williams Syndrome Association and the Salk Institute for Biological Studies.

Dr. Ursula Bellugi, director of the Laboratory for Cognitive Neurosciences at the Salk Institute, has carried out extensive studies of Williams syndrome children. Her interest began several years ago after a late-night phone call from Nancy Verougastrae, Wendy's mother, who had just read a magazine article by Noam Chomsky on the biological basis of language.

"I want to meet my daughter," Mrs. Verougastrae said. "She's retarded but has good language. I think you should investigate her unusual abilities."

"The child, who was 13, came in and I was puzzled," Dr. Bellugi said in a recent interview. "She had a very unusual profile. Her grammar was complex and without error. Her word use was rich, but general cognition and problem solving were very impaired. She had been placed in a school for the mentally retarded but her teachers did not know how to deal with her."

Williams syndrome occurs in 1 of every 20,000 births. Many of the children have elevated levels of calcium in their blood during infancy, which is thought that lie next to elastin on chromosome 7.

7

The result of this small genetic loss is

far-reaching.

There are severe malformations throughout the brain and heart, yet the capacity for language is remarkably unaffected. If anything, language and sociality are enriched.

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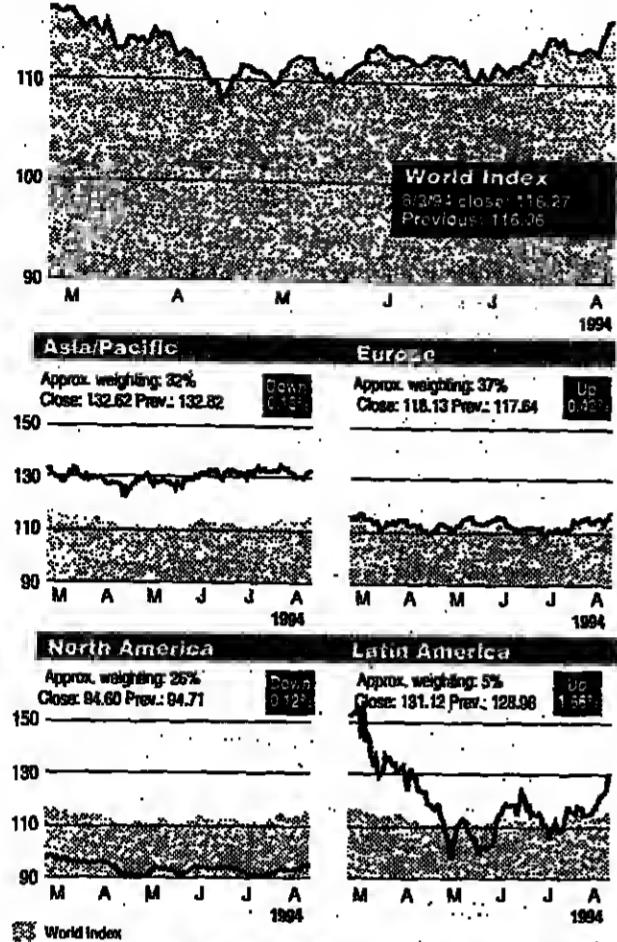
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THE TRIB INDEX: 116.27

International Herald Tribune World Stock Index ©, composed of 280 Internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

120



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentine, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, and Venezuela. For Tokyo, New York and London, the index is composed of the top 20 issues in terms of market capitalization; otherwise the top 10 stocks are tracked.

Industrial Sectors

	Wk. close	Prev. close	% change		Wk. close	Prev. close	% change
Energy	114.53	114.72	-0.17	Capital Goods	118.95	118.52	+0.36
Utilities	124.91	123.63	+1.04	Raw Materials	122.09	131.55	+0.41
Finance	192.21	191.11	+0.06	Consumer Goods	101.60	101.35	+0.25
Services	121.98	121.82	+0.13	Miscellaneous	132.80	133.22	-0.47

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92321 Neuilly Cedex, France.

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Saint-Gobain's Expansive Choices

Compiled by Our Staff From Dispatches

PARIS — Compagnie de Saint-Gobain will probably expand its main glass-making business into Southeast Asia or Eastern Europe after the 5.63 billion French franc (\$1 billion) sale of its paper and packaging operation, analysts said Wednesday.

Analysts applauded the sale of the division to Jefferson Smurfit Group PLC and said the issue for Saint-Gobain now was whether to take the benefit on its balance sheet by cutting interest costs or to use the money to expand its industrial glass business in emerging markets.

Saint-Gobain declined to comment, saying it was too early to say, but analysts said the company would take the latter course.

"My belief is that they'll want to expand their industrial materials business," said Alan Coates at Paribas Capital Markets. "I think they certainly want to develop Asian business."

Saint-Gobain's chairman, Jean-Louis Beffa, has been signaling for several months that the company wanted to expand in emerging markets. In April, it said it was building glass plants in Brazil and Chile, adding to its glass interests in Brazil and Argentina.

At that time, Mr. Beffa nominated Asia and Eastern Europe as the next targets.

Analysts said investing in Asia would probably be expensive because there were no industrial glass manufacturers of any note there, so Saint-Gobain would have to build an entire operation. But they added that Asian expansion would probably be fruitful because of expectations for increased construction activity.

Saint-Gobain and Jefferson Smurfit, a paper and cardboard producer, said they hoped to complete the transfer of the paper and packaging subsidiary, Cellulose du Pin, in early November.

The sale ends Saint-Gobain's 70-year involvement in paper and packaging, a

sideline that has long irritated investors, analysts and traders said.

But investors did not cheer the deal Wednesday. Saint-Gobain shares finished at 694 francs, down from 699 Tuesday.

Jefferson Smurfit shares in London rose 22, to 396 pence (\$6.50). The acquisition doubles the size of Smurfit's European operations and moves into the top 10 packaging companies in the world.

Smurfit does not intend to restructure or shed jobs. Marc de la Fosse, the managing director of Smurfit-France, said.

Analysts said the timing of the acquisition was ideal because it raised Smurfit's profile in the market at a potential boom time for the sector. Linerboard prices in the United States are rocketing and are expected to rise further amid rising global economic growth and demand.

The transaction includes taking over debt at the Saint-Gobain unit, which the French parent assured Smurfit would not exceed 2.9 billion French francs. (Bloomberg, AFP)

Thursday by offering £210 million for Low.

Low said it was "delighted" with Tesco's new cash offer and would consider making a formal recommendation to its shareholders.

The skirmish between Britain's two biggest supermarket operators, however, has not been without its casualties. Tesco's new offer is at a 60 percent premium to its initial offer made on July 14 — a fact that has prompted some analysts to claim a partial victory for Sainsbury.

Sainsbury said it would not top Tesco's offer. Sainsbury, the largest food retailer in Britain, entered the fray last

"Sainsbury had no choice in making the offer, and they couldn't lose: If they bid an interesting price, they may have won, and if they didn't win they could at least make Tesco pay top dollar," said Nick Bubb, a food retailing analyst at Morgan Stanley & Co. in London.

The struggle has been a battle for William Low shareholders; the stock finished at 359 Wednesday, up 23 from Tuesday and up from 169 on July 13, before it became a takeover target. (Bloomberg, Reuters)

Tesco shares closed 6 pence lower at 238, while Sainsbury shares finished unchanged at 420.

Some analysts said the Britain's supermarket chains would now focus their attention on acquisitions abroad.

Such takeovers appear to be one of the ways for supermarket chains to safeguard profits, which have been severely eroded for over a year by a vicious price war between the groups.

(Bloomberg, Reuters)

U.S. Data Show Growth, but Fed Cites Slowing

Compiled by Our Staff From Dispatches

WASHINGTON — In the latest signs of a slowing economy, the government's chief economic forecasting gauge rose a modest 0.2 percent in June, but the Federal Reserve on Wednesday reported scattered indications of a slowdown in business activity.

Meanwhile, the Commerce Department said that the 0.2 percent rise in its index of leading indicators followed an even more modest 0.1 percent May gain. The index did not move at all in April.

In a third report, the government said that orders to U.S. factories rose for the fourth straight month in June, climbing 0.8 percent and matching the previous month's increase. The June advance nudged the index of leading economic indicators up to 101.5, its high since the government initiated the measurement in 1948.

The economic outlook will be used by Fed officials when they meet Aug. 16 to consider whether to raise interest rates for a fifth time this year. Analysts are split on what the Fed might do, with some contending that the latest signs of economic slowdown will convince the Fed to hold off on further rate increases.

But others said the Fed remained concerned about inflationary pressures and would act

again to push rates higher because of this. The new outlook noted that in some cases tighter labor markets had resulted in faster wage growth but said this trend was "concentrated only in a few skilled occupations" and did not appear to be widespread.

The Fed said in its latest survey of economic conditions compiled from its 12 regional banks that the economy was continuing to expand "at a solid pace" but that a number of the banks had reported

"scattered indications of some slowing or slight declines."

The Fed report, or the so-called Tan Book, noted a decline in housing construction in several districts but said this weakness was offset somewhat by an improving performance in retail sales.

The index has now risen in 10 of the last 11 months.

Five of the 11 components of the index advanced, led by higher raw material prices and fewer weekly initial claims for unemployment insurance. Also, there were more unfilled orders for durable goods, more business orders for plant and equipment, and higher stock prices.

On the negative side were smaller money supply, fewer building permits, a shorter average work week, faster business delivery times that usually are a sign of decreasing orders, a lower index of consumer expectations and fewer factory orders for consumer goods.

Wednesday's report and other recent government data suggest the economy is expanding at a moderate pace as consumer spending, which accounts for two-thirds of the nation's economic activity, has slowed dramatically. Consumer spending rose just 0.4 percent in June. (AP, Reuters)

Time Warner Will Buy ATT Equipment for Cable

The Associated Press

NEW YORK — A unit of Time Warner Inc. will purchase phone switches and network equipment from AT&T Corp., a major step toward offering local phone connections in places where Time Warner runs cable systems.

The five-year agreement announced Wednesday is valued at several hundred million dollars, a large contract for

AT&T's Network Systems division but not one of its largest.

Time Warner, the second-largest American cable-system operator, said its first installation of phone equipment would be in Rochester, New York, where in May it reached an agreement to share connections with the local phone company.

"This ought to demonstrate to anyone who wondered whether we just

posturing or serious about being in the phone business that we are going full force into it," said Thomas Morrow, president of Time Warner Communications, the telephone division of Time Warner Cable.

But he said the installation of phone equipment in cable systems beyond Rochester will hinge on changes in state regulations. If rules change quickly, Time Warner will offer phone service in

about 25 more cities by 1999, Mr. Morrow said.

New York is the only state where regulators have allowed cable systems and local phone companies to work out a way to connect competing systems.

Time Warner's arrangement with Rochester Telephone is expected to serve as a model for similar U.S. ventures. In Britain, cable-television systems already provide phone service.

INTERNATIONAL MANAGER

Trying to Change Olivetti

By John Tagliabue

New York Times Service

IVREA, Italy — At business school, nobody told Corrado Passera it might someday become this difficult.

Two years ago, Mr. Passera was given the job of fixing Olivetti SpA, Europe's second-largest computer maker. Olivetti has not had a profit since 1990, and over the last three years it has recorded losses of more than \$1 billion. But Mr. Passera, chief executive of Olivetti, plans to break even by year-end.

"It's been a painful and difficult process, but we've now succeeded in growing with fewer and fewer people," said Mr. Passera, who has overseen much of Olivetti's effort to cut 22,000 jobs since 1989, reducing the work force by 40 percent.

Mr. Passera is attempting what amounts to a make-over of Olivetti. He means to transform Olivetti from a company that makes most of its money selling computer hardware into an information technology company that within a few years would derive one-third or even half its revenue from computer services and telecommunications.

Already, Olivetti has fanned out a lot of its computer manufacturing, including a deal with Digital Equipment Corp. freeing the company to concentrate more on designing, installing and maintaining computer networks for big European customers such as Barclays Bank PLC.

And in recent months, Olivetti has signed a string of deals with large American telecommunications companies — including Bell Atlantic Corp., Pacific Telesis and General Motors Corp.'s Hughes Network Systems unit — to

provide wireless communications services in Italy and elsewhere in Europe.

In expanding beyond computers, an industry bled in Europe by cutthroat price cutting and the region's long recession, Olivetti must contend with bigger competitors that made some moves earlier, including Siemens Nixdorf and AT&T Corp.'s NCR computer division.

The mainstay of Olivetti's strategy is a network of alliances, most with the goal of putting Olivetti more squarely in the world of telecommunications. Indeed, the move reflects the latest fashion in Europe's computer industry, where companies are following the American example of helping their computer customers set up local or long-distance networks capable of sending voice, data or images.

Olivetti was one of the first to test the waters. In 1984, the company sold a 22 percent stake in its business to AT&T for \$260 million. But the deal came "too early," according to Bruno Lamborghini, Olivetti's senior vice president for corporate strategy.

The relationship soured in the late 1980s when AT&T proposed acquiring all of Olivetti and Mr. De Benedetti turned down the offer.

Under Mr. Passera, Olivetti turned to another big partner, Digital Equipment, which acquired 10 percent of the Italian company in 1992 for about \$300 million. Although the deal gave Olivetti access to Digital's technically advanced Alpha microchip technology, so far Digital has sold far fewer Alpha-based computers than expected.

The relationship soured in the late 1980s when AT&T proposed acquiring all of Olivetti and Mr. De Benedetti turned down the offer.

The real drive into telecommunications in

See OLIVETTI, Page 11

Russians Still Find MMM Good

Bloomberg Business News

MOSCOW — Small investors scrambled to buy shares in MMM, Russia's largest investment company, despite last week's price collapse and a government warning that it would penalize the company if it did not open its books.

MMM's shares lost more than 99 percent of their value, to 950 rubles (46 cents), last week after the president, Sergei Mavrodin, said the company did not have funds to support the ever-increasing guaranteed buy-back price.

On Moscow's commodity exchange, MMM shares had jumped about 10 times from rock bottom and were trading in the range of 9,500 to 10,000 Wednesday.

About 4,000 small investors gathered outside MMM headquarters on Wednesday, and roughly two-thirds of them wanted to buy. The remainder were there to sell.

"I paid more than 60,000 for my shares, and I just want to get rid of them," said Oleg Bulimov, 33, an accountant.

"I bought these shares for 3,000 rubles when everybody was panicking last week," Igor Alexashenko said. "You can have them for 6,400."

GOOD TIMING

The recent correction in many of these markets (shown clearly in the graphs above) offers a good opportunity to establish long term positions in these economies.

ASSET ALLOCATION APPROACH

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MARKET DIARY

Merger News Keeps Wall Street on Edge

Compiled by Our Staff From Dispatches

NEW YORK — Blue-chip stocks took modest losses Wednesday in a day that saw investors absorbed by a flurry of takeover bids, merger talk and earnings reports.

The overall market was mixed, however, showing little direction as action focused on individual stocks. Traders and

U.S. Stocks

analysts said Wall Street was digesting its recent run-up ahead of the closely watched report on U.S. July payrolls that is due Friday.

The Dow Jones industrial average slipped as much as 15.54 before regaining some ground to close at 3,792.66, down 3.56 points for the day.

Advancing stocks led decliners 11 to 9 on the New York Stock Exchange, where 282.37 million shares traded, down from 294.73 million Tuesday.

Drug and health-care companies continued to post gains in the wake of American Home Products' \$8.5 billion hostile bid for American Cyanamid. The offer, made late Tuesday,

raised hopes that more mergers and acquisitions in the industry were coming.

Schering-Plough, which advanced 3.34 points Tuesday, added 3.13 to 67.67; Upjohn rose 3.13 to 32.73, and Warner-Lambert, which surged 4.24 Tuesday, powered ahead by 4 to 72.13.

"The two-year hiatus is over," said Samuel Isaly, portfolio manager of the \$10 million Medical Research Investment Fund. "Mergers are in high gear once again because there are a variety of companies with an uncertain future."

Microsoft closed at 53.34, up 9.16. The software company was named the "Focus 1" stock of the week and upgraded to "buy" from "above average" at Merrill Lynch & Co. by analyst Stephen McClellan.

Stocks failed to rally along with Treasury bonds, which rose in late trading after major automakers reported weak July car sales. The yield on the benchmark 30-year bond fell to 7.38 percent from 7.40 percent Tuesday.

(Reuters, Bloomberg)

Dollar Slips on Fears Of Weakness in Jobs

Bloomberg Business News

NEW YORK — The dollar skidded a notch against most major currencies Wednesday amid speculation that Friday's employment report will show that the economy is not growing fast enough to prompt the Federal Reserve Board to raise interest rates.

The U.S. currency started its decline after the Commerce Department said the index of leading economic indicators rose slightly more than expected in June, confirming the notion among many traders that the economy is growing more modestly now.

"This is about what people expected," said Earl Johnson, foreign-exchange adviser at Harris Trust & Savings Bank in Chicago. "It's nothing to trade on."

The dollar closed at 1.5757

Deutsche marks, down from 1.5825 DM on Tuesday. It slipped marginally to 100.275 yen from 100.340 yen.

Foreign Exchange

partment said the index of leading economic indicators rose slightly more than expected in June, confirming the notion among many traders that the economy is growing more modestly now.

The leading indicators were a tick away from expectations, so they didn't matter much," said Jerry Egan, director of foreign exchange at MTB Bank. "The employment report is what matters to the Fed."

The Fed has raised interest rates four times this year. Traders suspect the Fed will postpone a fifth increase if the employment report shows the pace of growth is slowing. The Fed's policy-making Open Market Committee will meet Aug. 16.

The dollar also fell to 1.3230 Swiss francs from 1.3375 francs and to 5.3878 French francs from 5.4080. The pound rose to \$1.5427 from \$1.5355.

The U.S. currency turned upward slightly in London as concern about poor U.S.-Japanese trade relations faded.

Market Sales

Today's Close Prev. Day Chg. %

Akzo and DSM Say Net and Sales Rise

Bloomberg Business News

AMSTERDAM — DSM NV and Akzo Nobel NV said Wednesday that economic recoveries in Europe and the United States had combined with cost-cutting measures to lift second-quarter profits.

Akzo Nobel, the largest chemicals company in the Netherlands, said it earned 283 million guilders (\$162 million) in the second quarter, up 33 percent from a year earlier. Sales rose nearly 6 percent to 5.56 billion guilders, and operating profit was 32 percent higher at \$47 million.

The year-earlier results were stated on a pro-forma basis to be comparable after Akzo's merger with Nobel Industrie AB, which was completed in February.

DSM, Akzo's rival, said it earned 98 million guilders in the quarter, up from only 4 million in the 1993 quarter, as the company continued a recovery that started this year. The company posted a loss of 118 million guilders for all of 1993.

Sales rose 8 percent, to 2.27 billion guilders, as volume made up for lower prices.

"The results are very good," said Penny Tattersall, chemicals analyst with Barclays de

Zoete Wedd in London. "They confirm what's going on with chemical companies all over Europe. The trend clearly is one of recovery."

Loes Scholten, chemicals analyst with Robeco Efectenbank NV, said earnings at both chemical companies were better than expected but that Akzo Nobel's improvement, notably an 86 percent rise in operating income at its chemicals division, to 173 million guilders, outstripped DSM's.

"The recovery in their chemicals division was very much a surprise factor," Ms. Scholten said. "DSM still heavily depends on the fact that it doesn't have any tax pressure and depends on its income from energy division."

DSM, 51.3 percent-owned by the Dutch government, receives 130 million guilders in tax-free fees annually for its management of the Netherlands' natural gas reserves. DSM also is still receiving tax breaks because of its losses last year.

Both Akzo Nobel and DSM had to surmount lower product prices and higher raw-materials prices.

Akzo Nobel's fibers division cut prices to compete with fiber makers in Asia.

Russia's Market Matures Firms Resist Selling Shares Cheaply

Reuters

MOSCOW — The Russian company director emerged beaming from a meeting with prospective shareholders. "Great," he said. "I persuaded them not to buy our shares."

It may sound like a joke, but the comment, reported by a Western fund manager in Moscow, sums up the problems investors face in the turbulent world of Russian equity trading.

Many companies are not keen on letting foreigners buy Russian assets cheap. Add to this the problems of ever-changing regulations and soaring crime.

But despite the chaos, laughing at the idea of a Russian share market now seems passé.

"In three to four years, the Russian securities market will look like New York or Hong Kong," said Jonathan Bulkley, a managing director at the consulting firm KPMG Peat Marwick, which is creating an over-the-counter market in Russia.

The joint KPMG project with the Russian Securities Exchange Commission will link trading in Moscow, Vladivostok, St. Petersburg and Yekaterinburg on computer by the end of 1994.

The impetus to the Russian market came at the end of June, when cash sales replaced the voucher plan. More than 15,000 state enterprises have issued shares for vouchers.

Sales of vouchers dismantled the command economy with lightning speed, creating more than 40 million shareholders and attracting a growing volume of foreign money.

"Companies were sold ridiculously cheap for vouchers," said Mark Jarvis, vice pres-

ident of Fleming's Russia investment fund. For vouchers, bankers say oil companies were sold for only four cents for each barrel of proven reserves, compared with \$7 a barrel in the United States.

Phone companies also go for a small fraction of world prices. Shares of St. Petersburg Telephone Co. sell at \$18. With 2.5 million telephone lines, this gives it a value of \$150 for each access line, compared with more than \$1,600 in the United States.

Another example is Vnukovo Airlines, an Aeroflot offshoot now handling domestic flights. A recent voucher auction valued the airline, which has 59 planes, at \$1 million.

"If you take this aircraft, melt it into blocks of metal and sell it, even that would give a much higher value," Mr. Jarvis said.

Fleming has bought a stake in Vnukovo and hopes to secure a seat on the management board soon, Mr. Jarvis added.

"Russian companies have begun to mature. People who were brave enough to pick certain company shares cheap will probably be able to pay for their investments," said Jeffrey Hammer, head of investments at the U.S.-owned Newstarfund.

Enterprises will have to value themselves at prices the market is prepared to pay. Companies will be allowed to keep 51 percent of the return, which can be expected to multiply the offering.

Compared with voucher privatization, the stakes will be higher in cash sell-offs. Big investors will outgun smaller ones at tenders when companies will be sold to the highest bidder.

Companies were sold ridiculously cheap for vouchers," said Mark Jarvis, vice pres-

Germany Will Cut Borrowing

Compiled by Our Staff From Dispatches

BONN — Germany's borrowing needs will fall by almost a third next year because the Treuhandanstalt will not need further funding, a Finance Ministry official said Wednesday.

The Treuhandanstalt, which is responsible for privatizing former East German state-owned industries, will not issue bonds next year, said Jürgen Echternach, parliamentary state secretary at the ministry.

That should slash about 60 billion Deutsche marks (\$38 billion) from the credit needs of the public sector this year, which was 188 billion DM, he said.

He said the abolition of the German Unity Fund, which this year required 5 billion DM of funding, and improved finances in Eastern Germany's state and local governments also would keep borrowing down.

Economists agreed that direct calls on the capital markets to fund restructuring in Eastern Germany had peaked. But they warned that the cost of servicing debt and the need to cover loss of revenue from eliminating some taxes meant borrowing estimates may rise after October's general election.

A court ruling barring tax on minimum incomes has not been taken into account in the government's planning.

Another look at Germany's economy will come Thursday with employment data for July. Economists and officials said they expected the jobless total to rise despite an upturn in the West German economy.

But Bernhard Jagoda, president of the Labor Office, said an average unemployment level of less than 2.6 million was possible for 1994.

(Bloomberg, Reuters)

Investor's Europe

Frankfurt	London	Paris
DAX	FTSE 100 Index	CAC 40
2600	560	400
2500	540	390
2400	500	380
2300	480	370
2200	460	360
2100	440	350
2000	420	340
1900	400	330
1800	380	320
1700	360	310
1600	340	300
1500	320	290
1400	300	280
1300	280	260
1200	260	240
1100	240	220
1000	220	200
900	200	180
800	180	160
700	160	140
600	140	120
500	120	100
400	100	80
300	80	60
200	60	40
100	40	20
0	20	10

Source: Reuters, AFP

International Herald Tribune

Wednesday Prev. % Close Change

Amsterdam AEX 420.88 419.24 +0.39

Brussels Stock Index 7,725.89 7,694.08 +0.41

Frankfurt DAX 2,189.92 2,186.39 +0.57

Frankfurt FAZ 825.81 824.24 +0.19

Helsinki HEX 1,883.57 1,876.08 +0.41

London Financial Times 30 2,483.40 2,456.10 +0.30

London FTSE 100 3,160.40 3,157.50 +0.09

Madrid General Index 321.09 322.74 -0.51

Milan MIB 1,161.00 1,158.00 +0.43

Paris CAC 40 2,115.07 2,117.23 -0.10

Stockholm Aktieraserien 1,978.42 1,965.71 -0.32

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Paris CAC 40 2,115.07

NYSE

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Month	Low Stock	Div	Yld	PE	Rate	High	Low	Local	Close
Jan	100	1.00	10.00	10.00	10.00	100	95	100	100
Feb	100	1.00	10.00	10.00	10.00	100	95	100	100
Mar	100	1.00	10.00	10.00	10.00	100	95	100	100
Apr	100	1.00	10.00	10.00	10.00	100	95	100	100
May	100	1.00	10.00	10.00	10.00	100	95	100	100
Jun	100	1.00	10.00	10.00	10.00	100	95	100	100
Jul	100	1.00	10.00	10.00	10.00	100	95	100	100
Aug	100	1.00	10.00	10.00	10.00	100	95	100	100
Sep	100	1.00	10.00	10.00	10.00	100	95	100	100
Oct	100	1.00	10.00	10.00	10.00	100	95	100	100
Nov	100	1.00	10.00	10.00	10.00	100	95	100	100
Dec	100	1.00	10.00	10.00	10.00	100	95	100	100

Yuan Shares Continue to Rise In China, Boosted by Reforms

Compiled by Our Staff From Dispatchers

SHANGHAI — The index for shares reserved for Chinese buyers on the stock exchange here closed 22 percent higher Wednesday, propelled by strong market sentiment in the aftermath of reforms announced last week.

The index overcame a psychological barrier at 500 and ended 96.39 points higher at 529.80.

"Investor confidence is so strong that the up-trend has maintained momentum all day," said Hu Huipin, a broker with Zhongnan Securities. "The index will surely stay above 500 points in the coming days."

Timothy Gration, who manages the China Growth Fund for Credit Lyonnais, saw it differently: "A 59 percent rise in three days—if you're looking for a long-term fundamentals-based investment, that's going to look like a nightmare."

Shares designated "A" are restricted to Chinese and traded in yuan, while "B" shares are foreign-owned and bought and sold in other currencies.

Analysts said the reform package, which lacked details, was unlikely to usher in foreign money. But Wednesday's sharp rise indicated a good supply of local capital.

Total market turnover was 4.56 billion yuan (\$320 million), the third highest on record for Shanghai's local-investor market.

The market giant Shanghai Petrochemical surged 0.42 yuan, or 27 percent, to 1.95, and Maanshan Iron & Steel gained 0.40, or 25 percent, to 2. Tsingtao Brewery was up 1.38, or 38 percent, to 5.

(Reuters, Knight-Ridder, Bloomberg)

Firm's Tip on Southeast Asia: Buy, Buy

Bloomberg Business News

HONG KONG — The British securities house Kleinwort Benson Securities (Asia) has issued a bullish report on most Southeast Asian stock markets, but it said the Hong Kong market's outlook remained uncertain.

"Whatever the market sentiment, Asia's economic fundamentals are strengthening rapidly, and this is no time to differ," said the report, written by the head of research, Hugh Peayman, and a consultant, the economist Alan McLean.

Kleinwort Benson said it expected the Philippine Stock Exchange's composite index to be the strongest performer in the final five months of the year, rising 21 percent to 3,500 from 2,884.28 at Wednesday's close.

Taiwan Regulator Cools Stock Market With His Remarks

Bloomberg Business News

TAIPEI — A comment by Taiwan's chief securities regulator Wednesday that local stock prices were "high" sent share prices lower—which analysts said was what the comment was intended to do.

Lin Day, the chairman of the Securities and Exchange Commission, told the decision-making body of the governing Nationalist Party that stock prices were high, the stock market's structure was weak and price fluctuations were large.

The Weighted Price Index of the Taiwan Stock Exchange fell 156 points, or 2.27 percent, from a four-year high, ending at 6,723.56 points. Analysts cited concern that the government might take steps to cool down the market, which has gained about 30 percent in the past four months.

In an apparent departure from his laissez-faire approach to the market, Mr. Lin, speaking as a member of the Nationalist Party, told the central standing committee that stock prices, as measured by price/earnings ratios, were being driven up by a shortage of shares, relative to demand.

That "problem" needed to be resolved through an increase in the number of shares available, new financial products and improvement of the over-the-counter market, he said.

The Raiders Are Circling But Goodman Fielder Seems Ready

Bloomberg Business News

SYDNEY — Goodman Fielder Wattle Ltd. should be able to sell off recent attempts to gain control of the 3.3 billion Australian dollar (\$2 billion) food company, analysts said Wednesday.

Brierley Investments Ltd.

of New Zealand emerged this week as the latest in a long line of contenders for control of Goodman, according to published reports. Brierley reportedly has been buying up shares of Goodman to gain an edge if an expected takeover battle erupts.

Several other companies also own large chunks of Goodman, including Bankers Trust Australia Ltd., Agri-Products Investments and the American institutions Fidelity Investments, Morgan Stanley & Co. and Merrill Lynch & Co.

Fidelity said this week that it had lifted its holding to 6.18 percent from 5.01 percent by buying shares on the open market last week.

Bankers Trust, New York

Corp. disclosed it had increased its interest in Goodman to 6.13 percent from 5.06 percent after Australian Mutual Provident Society reduced its holding to 6.47 percent from 7.63 percent.

Analysts said they expected Goodman to withstand any corporate raid.

"My feeling is the company will continue as it is, attempting

Goodman's unprofitable divisions may save it from a takeover.

ing to return the company to good profits," said Andrew Marin, an analyst with Barclays de Zoete Wedd. "That's not to say speculation about a takeover won't continue, but my feeling is Goodman will withstand it."

Other analysts said Goodman as a whole may not be

attractive to one buyer because some of its divisions are unprofitable.

Goodman declined to comment Wednesday; the company's board is scheduled to meet Thursday.

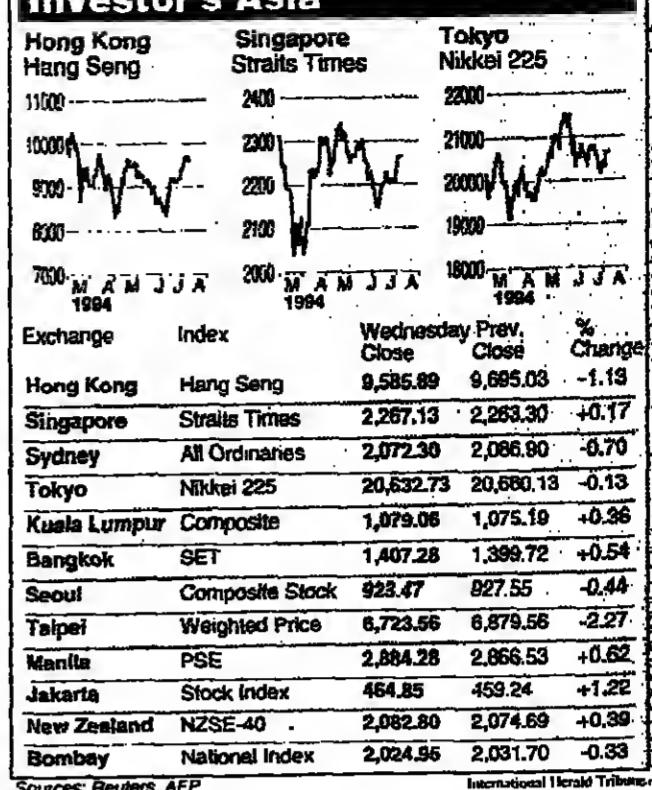
Goodman's stock price has declined 5.2 percent in the past 12 months amid poor earnings and management problems. The shares hit a three-and-a-half-year low in late June. They closed unchanged at 1.45 dollars Wednesday.

Mr. Marin said corporate raiders were not the only problem facing Goodman. "The company is in a very competitive market," he said.

Goodman's brand names are under siege from lower-cost generic labels, and the company is still trying to regroup from a diversification spree in the 1980s that left it with high debt and sprawling interests.

The company makes a wide array of foods, including breads, baked goods, flour, margarine, salad dressing and pastas.

Investor's Asia



Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• China said it seized about 6 million books and magazines in the first half of 1994 that either violated copyright laws or contained what it called scenes of violence or pornography. It did not specify the number of copyright violations.

• Qingling Motors, China's latest overseas stock offering, was oversubscribed almost 23 times on an issue of 100 million shares.

• HKR International said net profit leaped to 3.44 billion Hong Kong dollars (\$445 million) in the year ended March 31 from 295.7 million dollars a year earlier, including 3.4 billion dollars from the sale of 50 percent of its Discovery Bay housing development to CITIC Pacific.

• Ricoh Co. has filed a complaint against South Korea's Samsung Co. for allegedly infringing on two facsimile patents.

• Tomen Corp. will spend 40 billion yen (\$402 million) to build Japan's first heavy-oil processing plant, with a capacity of 25,000 barrels a day.

• Mitsubishi Corp. said it injected \$500 million into its U.S. chemical unit, Aristed Chemical Corp.

• Minebea Co. said current profit in the six months ending Sept. 30 was likely to exceed its forecast made in May of 4.5 billion yen.

Knight-Ridder, AFP, Reuters, Bloomberg, AXN

Blast Halts Gold Output at Porgera

Bloomberg Business News

PORTE MORESBY, Papua New Guinea — Operations at the giant Porgera gold mine here are expected to remain suspended for several weeks after two explosions and a fire that killed at least 11 people.

One treatment could resume more quickly, possibly in a week. The cause of Tuesday's explosions was unknown. Porgera is one of the world's largest gold mines outside South Africa. It produced 1.2 million ounces (34,000 kilograms) of gold last year.

The blasts occurred in an explosives-processing plant and

storage area about a mile (1.6 kilometers) from the main works.

Executives of the Porgera joint venture and the manufacturer of the explosives, Dyno Wescasters, were inspecting the damage. The blasts were heard 80 miles away.

The Porgera mine is about 350 miles northwest of Port Moresby. It is equally owned by Placer Pacific Ltd., Finscan Goldfields Consolidated Ltd., Highlands Gold Ltd. and the Papua government.

Over the last six months, the open pit has produced twice as much ore as has been treated by the mill," said Ian Williams, a Placer spokesman.

Reebok Reviews China Link

Bloomberg Business News

HONG KONG — Managers of a leading Hong Kong shoe-making concern met with Chinese officials Wednesday to discuss the living conditions of its staff, as Reebok International Ltd. threatened to stop doing business with the company.

K.K. Choi, the Hong Kong-based managing director of the shoemaker Yue Yuen Industrial (Holdings), held talks with officials in the southern China

economic zone of Zhuhai after reports had been published that about 400 workers were being housed illegally in a potential firetrap.

"We can't tolerate this type of thing happening in a factory making shoes for us," Henry Ching, general manager of Reebok's Hong Kong unit, said.

Yue Yuen is not one of Reebok's bigger contractors in Asia, Mr. Ching said.

Deng's Son Heads Group

Bloomberg Business News

HONG KONG — Deng Zhifang, a son of the Chinese leader Deng Xiaoping, has agreed to head the Hong Kong real-estate and investment concern Shougang Concord Grand Group, the Eastern Express newspaper reported Wednesday.

It was the first time a member of Deng Xiaoping's immediate family had taken a prominent role in a public company.

Shougang Concord shares, which surged 22.5 percent Monday, fell to 2.18 dollars Wednesday from 2.23 dollars.

Beijing Says Tax Evasion Is Fueling Inflation

Reuters

BEIJING — Rising incomes and widespread tax evasion are contributing to inflation in China, making it unlikely the country will reach its goal of 10 percent inflation at 10 percent this year, officials said.

Liu Zhongli said in official reports released Wednesday that tax revenue in the first half of the year was up 22.6 percent from the 1993 first half, at 197.9 billion yuan (\$23 billion), largely because of tax reforms that took effect Jan. 1.

But he said revenue was still short of projections because of tax evasion. Businesses still had not paid 16.3 billion yuan in taxes at the end of June, he said, a 71 percent

larger shortfall than at the same time last year.

Meanwhile, the average urban income in the first half of the year rose 35 percent from a year earlier.

Official figures show annual inflation in 35 major cities in June, running at 22.7 percent, with grain prices 52 percent higher than a year earlier.

The inflation figure for the first half of the year was 19 percent over the comparable 1993 period, but the official target for all of 1994 is to bring inflation down below 10 percent.

In a somber front-page commentary Wednesday, the official Economic Information Daily said the high rate of inflation

was badly hitting those on low incomes and retired people.

It said that, with no new price reform measures due to be implemented in the second half of this year, inflation should continue the downward trend begun in February. "But it will be very hard to achieve the 10 percent target," the commentary said.

Qiu Xiaobin, an economist with the state statistical bureau, said there was no quick solution to inflation because its causes were long-term problems.

There also were noneconomic causes, he said, such as companies exploiting the lack of a proper regulatory structure to raise prices and exploit monopoly positions.

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ANNOUNCEMENTS</p

NASDAQ

Wednesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

AMEX

Wednesday's Closing
Prices include the nationwide prices up to
closing on Wall Street and do not reflect
prices elsewhere. Via The Associated Press

INTERNATIONAL HERALD TRIBUNE, THURSDAY, AUGUST 4, 199�

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INTERNATIONAL FUNDS

Aug. 3, 1994

Quotations supplied by funds listed, and translated by MICROPOLIS PARIS [Tel: 33-1 40 28 05 05].

Not all stock quotations are supplied by the funds listed with the exception of some quoted based on fund prices.

INTERNATIONAL INCOME FUND

of Long Term

SPORTS

The Bad Boys of Baseball Players or Owners? Look at the Ledgers

By Ira Berkow
New York Times Service

NEW YORK — The baseball owners have sent over financial statements to the players' association in a gesture of what they say is good faith, in an effort to avoid a strike.

They hoped to establish with the union their contention that, like baseball owners before them and those before them — back to the 19th century, to the days of, pardon the expression, the robber barons — that they, today's owners, are losing money.

Nineteen of the 28 teams say they are awash in a Red Sea of losses, and most of the losses, the owners contend, are attributable to the players' hefty salaries, paid for, coinci-

dentially, by these very same owners, canny businessmen whose average net worth is estimated by *Forbes* magazine at \$300 million to \$400 million, with Ted Turner topping out at \$2.2 billion.

The players' association is skeptical of the owners' audited papers because the owners have previously been less than truthful about their finances. In fact, they have lied through their teeth.

Even baseball owners don't often believe baseball owners. Once, for example, Calvin Griffith, the former owner of the Minnesota Twins, censured George Steinbrenner to have the big-market clubs share their revenue with the small-market team.

"If you let me get rid of all the relatives on your payroll," said Steinbrenner, "I'd be glad to give you some of my TV money."

Steinbrenner, too, has had relatives on his payroll, including sons Hank and Harold. And the general partner of the Yankees' hierarchy, Joseph Molloy, happens to be Steinbrenner's son-in-law.

How much does Joseph Molloy make? As much as Papa George wants to pay him. An owner may pay anyone, including the players, whatever he wishes. And some owners are more than generous, especially with themselves.

... the former owner of the ... one season, in a touching

Vantage Point

show of gratitude, paid himself \$12 million. A time-honored tradition of baseball is for owners to hide profits in a variety of slick ways. Once, for example, Griffith purchased large amounts of meat for his extended family and charged it to the club.

Owners have even cheated their partners, as some of Marge Schott's Reds associates believed when they sued her recently and settled out of court.

So it is clear why the owners themselves keep a squinty eye on their brethren, and sister. But an even larger issue is that, as businesspersons, they seek to rake in as much loot as they can, while upbraiding the players for doing same.

Otherwise, the big-market teams would readily share all revenues possible to make the smaller teams as stable as they contend they need to be.

The teams do share national television money and licensing products, and visiting clubs get a cut of the home team's gate, 20 percent in the American League and a more flexible piece of the action based on ticket sales in the National League.

These figures, however, have remained nearly the same for most of this century and seem unlikely to change.

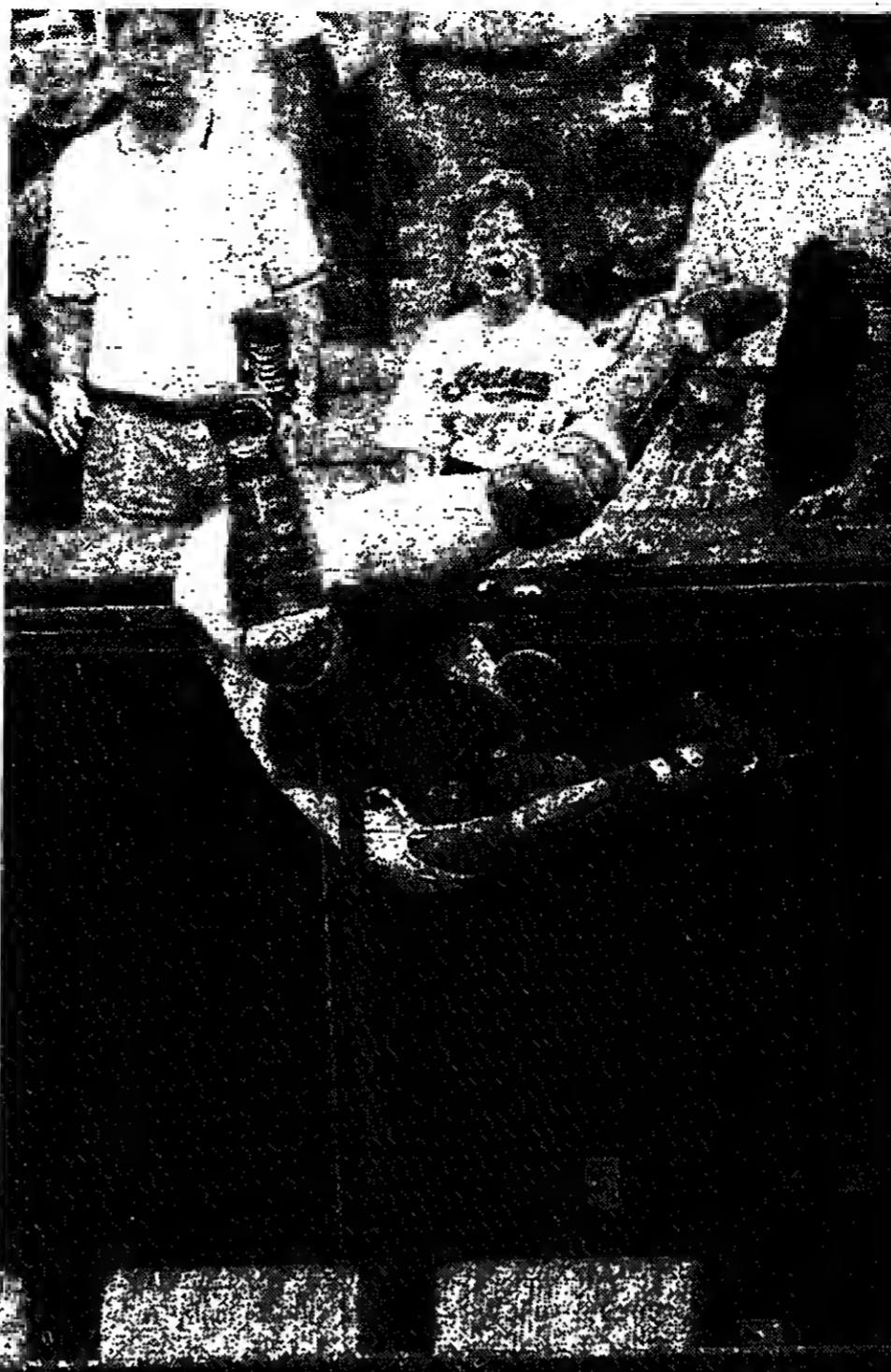
THE values of teams keep going up, as do the number of teams in baseball. The last team to change hands, the Baltimore Orioles, was purchased in 1989 by Eli Jacobs for \$70 million and was sold four years later for \$171 million, after heated bidding, in fact.

The players have fought for and attained the American right to bargain for their services in a free market. The owners want to socialize them — but not themselves.

Meanwhile, baseball, despite the owners' annual bleats of poverty, continues not to contract but to grow and expand, with Florida and Colorado paying a combined \$190 million to the 26 other owners for the privilege of joining last year.

And baseball, remember, regularly reports attendance gains, and most teams, big market and small, remain competitive in the standings.

So if the books smell fishy to the players' union, it is not just because one of the new franchises is called the Marlins.



Cleveland's catcher, Sandy Alomar, got hung up after snagging a pop-up against Detroit.

Once Again, Montreal Sizzles While Labor Relations Heat Up

The Associated Press
The Montreal Expos seem to pick troubled seasons to play good baseball.

The only time they ever made the playoffs was 1981, a season interrupted for 50 days by a players' strike.

With another strike looming just over a week away, the Expos have won 13 of their last 14 games and improved

NL ROUNDUP

the best record in baseball to 67-38 with a 5-4 victory over the St. Louis Cardinals on Tuesday night.

The Expos have to hope that the labor difficulties are solved more quickly this time, or there may be no postseason to play for.

"It's not that we're confident, we're simply a good team," said third baseman Sean Berry, who hit a two-run homer in the first inning.

"The key is we take advantage of whatever comes our way," said Felipe Alou, the team's manager.

The victory, combined with Atlanta's 4-1 loss to the Mets, increased the Expos' lead to 4½ games in the National League East.

Ken Hill became the league's first 15-game winner despite not being at his best against his former team.

John Wetteland, another hard thrower, came on in the ninth to preface a 5-3 lead for his 22nd save.

Moises Alou went 3-for-4, including his 20th homer, and Wil Cordero also had three of the Expos' 11 hits.

Reds 9, Giants 7: In San Francisco, Barry Larkin homered twice and doubled, driving in three runs and scoring three as Cincinnati overcame three home runs by Barry Bonds to win its fifth straight.

Larkin, who homered in the first inning for a 2-0 Reds lead, hit his eighth homer in the eighth inning. He also doubled in the third and scored on an infield hit by Tony Fernandez, who drove in three runs.

Bonds drove in four runs with his

three homers, pushing his total for the season to 35.

Marlins 3, Cubs 2: Jerry Browne tripled in the 10th inning and scored on Jeff Conine's sacrifice fly as visiting Florida rallied to end a seven-game losing streak.

Browne hit a leadoff triple into the right-field corner off Jose Bautista. Bautista struck out Chuck Carr and intentionally walked Gary Sheffield before Conine flew out to left-center. Browne scored standing op.

Pirates 3, Phillies 2: Lloyd McClendon's two-out pinch-hit homer in the top of the eighth lifted the Pirates to victory on the road.

McClendon's solo homer, his fourth of the season, made a winner of Rick White and a loser of Bobby Munoz.

White, making only his fourth start of the season, allowed eight hits and one earned run in seven innings and did not walk a batter.

Drabek won for the first time since June 20.

Dodgers 7, Padres 6: Dave Hansen's pinch-hit RBI single in the 11th inning

gave Los Angeles the edge over visiting San Diego.

Steve Bedrosian, who relieved starter Kent Mercker in the eighth, gave up a leadoff double to Bobby Bonilla, who scored on Jeff Kent's single. One out later, Bonilla hit his seventh homer.

Mike Remlinger won his first game for the Mets. He pitched eight innings, allowing one run on four hits, while striking out two and walking eight.

Astros 3, Rockies 1: Doug Drabek, who had a no-hitter through seven innings, settled for a two-hitter as Houston, playing at home, beat Colorado, snapping a four-game losing streak.

John Vande Wal, who had four hits in Monday's 8-3 victory over the Astros, hit Drabek's first pitch in the eighth inning over the right-field scoreboard to break up the no-hitter. Charlie Hayes singled with two outs in the ninth for the Rockies' other hit.

Drabek won for the first time since June 20.

Dodgers 7, Padres 6: Dave Hansen's pinch-hit RBI single in the 11th inning

Pirates on Scoring Block

The Pittsburgh Pirates' board of directors voted Wednesday to put the team up for sale. The vote means the city has six months to find a buyer who will keep the team in the city, The Associated Press reported.

The team has discussed a possible sale to groups headed by Larry Lucchino, the former Baltimore Orioles president, and John J. Rigas, chairman of Adelphi Communications. The Pirates have lost about \$60 million since the end of 1985.

Winning Streak For Royals Comes At Vital Moment

The Associated Press

The strike date of Aug. 12 may come at just the right time for the Kansas City Royals.

Baseball's hottest team, riding an 11-game winning streak, that has energized the city of Kansas City, is playing itself.

Wes Chamberlain's grand slam highlighted a six-run Red

sox fourth.

Yankees 10, Brewers 1: Don

Marting started a game-winning, six-run rally with a single in the ninth, then wrapped it up with a two-run double, lifting visiting New York over Mil-

waukee.

Jaime Navarro surrendered

three straight singles to open

the ninth, and Graeme Lloyd

later walked in two runs. Marting finished the "outburst" with a bases-loaded double.

Orioles 10, Twins 9: Mike

Musina pitched perfect ball

into the fifth inning and settled

for a four-inning over seven inn

ings, as Baltimore held Minne

apolis, playing at home.

It was Baltimore's second

shutout in 24 hours after going

139 games without one.

White Sox 6, Rangers 2: At

Arlington, Texas, any hopes

that Kenny Rogers would pitch

a second straight perfect game

were ended when leadoff batter

Norberto Martin singled. Roge

rs lasted only 5½ innings in his

first outing since becoming the

first AL left-hander and 12th

pitcher overall to throw a per

fect game.

Robin Ventura hit his 17th

home run for the White Sox.

Mariners 10, Angels 2: In

Anaheim, California, Ken Griffey Jr. hit his 37th home run,

one of four launched by the

Mariners in snapping a seven-

game losing streak.

The opener of a three-game

series, moved from Seattle be

cause of falling tiles in the

Kingdome, drew 11,478, the

smallest crowd in Anaheim sta

dium since 1978.

Randy Johnson, the winning

pitcher, benefited from homers

by Jay Buhner, Tino Martinez

and Edgar Martinez.

Pension Payment on Hold

New York Times Service

ment would not be forthcoming Aug. 1, as the expired benefit

plan agreement between the

club and the players provides

Ravitch and Bud Selig, the

acting commissioner, played

down the significance of the

owners' decision, saying they

had no contractual obligation

to make the payment. But the

players' side reacted angrily.

"I received his letter Monday," Donald Fehr, the head of the Players Association, said on Tuesday night. "We had no prior warning of it. I was shocked beyond imagination."

DENNIS THE MENACE

PEANUTS



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ART BUCHWALD

Summertime Fare

WASHINGTON — Admittedly the Whitewater hearings are not as interesting as the J. J. Simpson court motions, but a man has to watch something on his summer vacation.

The advantage of the Whitewater hearings is that there are so many more people involved. At a recent one, there were 980 members of Congress and one witness.

It went something like this:

"Mr. Ruth, you have stated under oath that you come from California. As you know, I also come from California, and the good people of that state have elected me to office six times. I am proudest of having passed a bill that provides free medical care for every redwood tree in my district as well as a cash payment of \$100 to each tree that has suffered from U.S. Army poison gas experiments in the forest."

"Now, Mr. Ruth, I have read the record that was put together by my able staff, without which I could not do my job, and I would like to ask you a question."

"Will the congressman from California yield?"

"I will yield to the congressman from Zenda, Oregon."

Boxing Gloves Fetch Championship Prices

Reuters

LONDON — Boxing gloves worn by heavyweight champions Muhammad Ali and Rocky Marciano fetched top prices at auction.

Auction house Bonhams said a pair of Ali's gloves went for £1,320 (\$2,033) and a set of Marciano's sold for £1,210. They were part of the collection of Roland Dakin, a British referee.



"I would like to say that this hearing today is not a witch hunt, but it is our duty to find out all the facts about Whitewater, especially the ones being withheld by Special Prosecutor Fiske. We have been mandated by Congress to find out if there is a link between Whitewater and the White House. I was a prosecutor back in Zenda, and many times I smelled a rat when people were telling me they didn't know anything about a certain body of water. I have a newspaper clipping here from the Portland Oregonian, and I would like to read from its sports pages."

"Your time is up."

"Will the gentleman from California yield two minutes?"

"Yes, and might I say that a lovely dress you're wearing today, Congresswoman Dearfield."

"I resent the attitude of the male members of this panel who give the impression they are the only ones interested in getting to the bottom of Whitewater. For the record, I am the only one who has ever been kayaking on the Whitewater, and I never saw any wrongdoing by the president or Hillary while I was confined before writing it."

"Whitewater" hates Bird and jazz in general, except for Dexter Gordon because he lived in Scandinavia.

Mostly he gets his kicks from Norwegian folk songs. He's here because it's somewhere to sail his boat for a second honeymoon. I figure he's a kind of seagoing Smokey the Bear. "That's what I am," he says. If you stick a pin in Oslo and uncurl Norway, the tip of the tail would reach Rome. So Baywatcher's boat, which are both on, is cruising a fjord somewhere near Brussels. He shows me "my community" on a nautical map, five islands off the Atlantic coast two hours by water south of Molde, which in turn is a day's drive north of Oslo. Baywatcher does not like to go south: "We don't think we're missing much down there. We love our islands. People are nice to each other. There is no pollution, no crowds, no unemployment, no crime." He neglects to mention that there are also no minorities. (Do not talk to

"Well, if there are no more questions, the witness may step down. I would like to caution you that anything you have said here today may not be repeated to the press. We don't want anything to leak out that might taint our thorough hearings."

"It's out of order, Congressman Xavier. We promised Special Prosecutor Fiske we would not ask any questions concerning O. J. until Fiske questions the president on his role in doing all those dumb things in Haid."

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